Houston, We have a Problem! What we can Learn from Other Industries Transforming at Warp Speed

Presented by four futuristic GME leaders

Presenters:

David Cook, Assistant Dean
Old Dominion University, Strome College of Business

Dylan Stafford, Assistant Dean
UCLA, Anderson School of Management

Nydia MacGregor, MBA Faculty Director
Santa Clara University, Leavey School of Business

Toby McChesney, Sr. Assistant Dean
Santa Clara University, Leavey School of Business
Agenda

- Why are we doing this?
- Definition of disruption and assumptions with several industry examples - Nydia
- Different business models for education with several industry examples - David
- Connecting various graduate programs and what we can learn from this - Dylan
- Small group discussion & report back
- Email your Dean an idea/concept and report back to us

Why?!

- At PTMBA, GMAC, AACSB, EMBAC and other conferences the constant word is change/innovation
- GMAC is listening and launched a different test for the EMBA population. Numerous conversations about the same for PTMBA/MS programs is happening now.
- EMBA Council created a Working Professional group around the future of the PTMBA Program
  - A group of 15 met at Kellogg over the summer (GMAC, MBA Roundtable, UNICON and EMBA Council).
  - Looking to connect non-degree & degree programs
  - More to come on this - but the industry as a whole is talking about the future
Disruption and disruptors

The What and Hows of Disruptive Innovation

What is disruptive technology?
Disruptive Innovation describes a process by which a product or service initially takes root in simple applications at the bottom of a market—typically by being less expensive and more accessible—eventually displacing established competitors.

Clayton Christensen, Professor of Business, Harvard Business School

Disruptive Technology

• Grounded in new technology or innovative process
• In being “simple,” usually lowers quality/service
• Often less expensive
• Unattractive to the top of the market,
  • but appealing to non-users or bottom of the market
• Greater risk is market risk, not technology risk
Disruptive to whom?

How to become a disruptor: Four Actions Framework

- **Raise**
  Which factors should be raised well above the industry’s standard?

- **Eliminate**
  Which factors that the industry has long competed on should be eliminated?

- **New Value Curve**

- **Create**
  Which factors should be created that the industry has never offered?

- **Reduce**
  Which factors should be reduced well below the industry’s standard?

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Examples in the PTMBA domain:
SCU Online MBA program & SVP Dashboard

SCU’s Online MBA Program and the SVP Dashboard

Eliminate
• Classroom based interaction
• Asynchronous
• 2-year program bookended with Intensives

Raise
• Community interaction
• Co-curriculars
• Immediate rewards: Badges

Reduce
• Proscribed schedule

Create
• Platform for curating MBA experience based on student goals
• ePortfolio for deeper learning and preparation for shaping career trajectory
Disruptive technology lessons

• Comes from where you least expect it. But come it will!

• Blows apart our understanding of customers, business model, how value and profit are created – what we think we know about our business

• With a disruptor’s mindset, you can also innovate and be ready
  • Using the 4-Action Framework helps us do this

What is Disruption?

“a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses.”

• As incumbents focus on improving their products and services for their most demanding (and usually most profitable customers), they exceed the needs of some segments and ignore the needs of others.

• Entrants that prove disruptive begin by successfully targeting the overlooked segments, gaining a foothold by delivering more-suited functionality – frequently at a lower price.
Disruptive or Not?

Why It’s Not

• Disruptive innovations begin in low-end or new-market footholds:
  • Uber was started in an historically well-served taxi market
  • Its riders were typically already familiar with hiring rides
  • Uber began by competing in the mainstream market, not on the fringes of the ride-hailing market

• Disruptive innovations are initially considered inferior by most of an incumbent’s customers:
  • Uber offers:
    • Easy ride booking
    • Convenient cashless payment
    • Passenger-rated ride experience (helping to ensure high standards)
    • Reliable and punctual service with competitive pricing
What is it?

• Innovations that transform an industry are not necessarily “disruptive”
• Some innovations, like Uber, are “sustaining innovations”

Why it is

• In 1997, Netflix did not appeal to the incumbents’ customers who tended to rent movies on impulse
  • Netflix maintained an online-only interface with a large inventory of movie titles, but required customers to wait several days before receiving their selections.
  • Netflix appealed to:
    • Those who did not require (e.g., movie aficionados) “immediate satisfaction”
    • Early DVD adopters
    • Online shoppers
Why it is

• As technology evolved to permit online streaming of video content, Netflix became appealing to the incumbents’ core customers:
  • On-demand (highly convenient) access
  • Wider selection of titles
  • All-you-can-watch
  • Low price
  • High-quality

• Good Bye

The Subtleties of Disruption

• Disruption is a process:
  • Disruption cannot be viewed at a single point in time. The path of disruption from fringe to mainstream should be followed.
  • Disrupters tend to begin by getting the business model, not merely the product, right.
  • Whey they succeed, their movement from the fringe to the mainstream erodes first the incumbents’ market share and then their profitability.
  • Disruption can take time... so, it is sometimes easy for incumbents to overlook the disrupter.
The Subtleties of Disruption

• Disrupters often build business models that are very different from those of incumbents:
  • General Practitioners’ “solution shop” v. Urgent Care’s “process” business model
  • iPhone as an access point to the internet v. laptop’s as an access point to the internet
    • Apple built a facilitated network connecting application developers with phone users.

The Subtleties of Disruption

• Some disruptive innovations succeed; some don’t
  • Not every disruptive path leads to triumph and not every triumphant newcomer follows a disruptive path.
  • If we call every business success a “disruption,” then companies that rise to the top in very different ways will be seen as sources of insight into a common strategy for succeeding. Managers may then mix and match behaviors that are likely inconsistent with one another and yield less-than-hoped-for results.
The Subtleties of Disruption

• The mantra of “Disrupt or be disrupted” can misguide us
  • Incumbent companies need to respond to disruption if it is coming, but should not overreact by dismantling a still-profitable business.
  • They should continue to strengthen relationships with core customers by investing in sustaining innovations.
  • Develop a new division focused solely on the growth opportunities that arise from the disruption.
    • The likelihood of success of such a strategy relies upon maintaining it separately from the core business.

Learning at a Distance

Online – synchronous, asynchronous, and hybrid have become mainstreamed learning modalities
The Subscription Economy

“At the heart of the Subscription Economy® is the idea that customers are happier subscribing to the outcomes they want, when they want them, rather than purchasing a product with the burden of ownership.”

www.zuora.com

We are primed for subscription

• Amazon Prime has in excess of 80 million subscribers
• Spotify has 159 million users, of whom 71 million are premium subscribers
• Stitch Fix has 2.7 million active customers and 1st Quarter, 2018 revenues of nearly $317 million.
• 80% of customers demand new consumption models that include: subscribing, sharing, and leasing
  • Today, customers see less separation between their “business selves” and their “personal selves” and expect their business relationships to be more personalized.
We are primed for subscription

1. Subscription companies are not really selling a new type of product... they are selling a new way of delivering products with which we are already familiar.

2. Subscriptions are best when they are personalized
   - Stitch Fix sends its customers fashion fixes (clothing, shoes, and accessories) based on their personal style and preferences
MBA Curriculum – Course Stacking

Deconstructed MBA – Elemental Stacking

Operations and Supply Chain Management

<table>
<thead>
<tr>
<th>Module</th>
<th>Course Title</th>
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<td>Competing with Operations Management</td>
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Deconstructed MBA – Elemental Stacking

MODULE 4: Quality and Performance

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<th>Description</th>
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<td>Document a process</td>
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<tr>
<td>Topic 2</td>
<td>Assess a work system</td>
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<tr>
<td>Topic 3</td>
<td>Identify problems in a work process</td>
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<td>Topic 4</td>
<td>Analyze a process using process and quality improvement tools</td>
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<tr>
<td>Topic 5</td>
<td>Costs of managing quality</td>
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<tr>
<td>Topic 6</td>
<td>TQM and Six Sigma</td>
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<td>Topic 7</td>
<td>ISO Series of Quality Certification</td>
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**TOPIC 4: Analyzing a process using process and quality improvement tools**

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<td>Element 3</td>
<td>Control charts</td>
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<td>Element 4</td>
<td>Process capability</td>
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THE UNIVERSITY OF TEXAS AT DALLAS
Naveen Jindal School of Management
2018 MBA Conferences
Take cues from the innovations around us

The MBA is an aggregation of the day’s relevant topics with many topics being jointly “owned” by two or more disciplines... it is not simply an aggregation of courses/disciplinary silos.

MBA students enter a program with different abilities and skill sets...

so, offer a customized curriculum that is tailored to each student’s current KSAs on a subscription basis to maximize delivered value.

Leverage the power of data analytics to better serve your students

Some references


A Disruption Example at UCLA

Being a Leader and the Effective Exercise in Leadership: An Ontological/Phenomenological Model

MBA Students Trust Us

Hopes | Dreams | Goals

Prepare my Career for Disruption.

You can earn your MBA, and be the smartest in the Room. But, If you Don’t Raise Your Hand... Nothing Changes.

The World Needs Leaders
Three Amigos

Dr. Amy Waterman
Dr. Khush Cooper
Dylan Stafford, MBA

A Disruptive University Course

Being a Leader and the Effective Exercise of Leadership: An Ontological / Phenomenological Model
Winter Quarter 2016
I took the Being a Leader Course

UCLA Social Welfare
Dr. Khush Cooper

Post-Course Results:

Wrote a Book
Launched my Podcast
Board of Advisors Special Project
And, I Got Two Work Friends

Amy, Khush & Dylan
Started Drinking Coffee

Let’s Host Being a Leader at UCLA!

18-months of Disruption
Conference calls, Websites, Marketing, Registration, Details.

And, A Game Worth Playing
14th school to host; first to repeat
2018 Being a Leader Conference:

125 academics from 4 continents
UC + Cal State + USC +++
6-day course on-campus at UCLA
UCLA Host again for 2019
Dean Al Osborne Opened Conference

A Unique UCLA Partnership

Medicine
Social Welfare
Management
Being a Leader HISTORY

2004  Michael Jenson: Harvard Business School
       Jesse Isidor Straus Professor of Business Administration, Emeritus
       Co-Founder, Chairman, Managing Director & Integrity Officer, Social Science Electronic Publishing
       W. Erhard, S. Zaffron, K. Granger (08-15), J. Echeverria (13-now)

‘04–’08 Rochester Simon School of Business Pilot

Since 14 Universities have hosted Being a Leader Conference
       Clemson, Dartmouth (Geisel School of Medicine), Erasmus Academie (Netherlands), Rutgers, Texas A&M, UCLA (2x), US Air Force Academy

35 Universities are teaching Being a Leader

Epistomology Vs. Ontology
Being a Leader FUTURE

UCLA as a West Coast Hub

Interdisciplinary Offering: Connect Graduate Students across UCLA

Multi-School Collaboration: Research, Teaching, Service

Launch a Leadership Center?

You all come to UCLA in 2019?

Like US Air Force Academy Center for Character and Leadership Development?

Build one of these at UCLA?

Polaris Hall at the US Air Force Academy
Save-The-Date
2019 Being a Leader at UCLA
July 15 – July 22, 2019
at UCLA Luskin Conference Center

$2100 Academic Rate (TBD)
www.beingaleader-UCLA.com

Small Group Discussions
Please move to the easel with the topic you are most interested in

- Small Groups will meet for 20 minutes to see what innovative, futuristic ideas can be formed around the four different topics.
- Each group will report back their key findings.
- The groups are:
  - Innovation/disruption in Technology-focused on curriculum and faculty
  - Innovation/disruption in Technology-focused on marketing and admissions
  - Innovation/disruption in Business Models - delivering content differently
  - Innovation/disruption in Networks - partnerships across industries
Questions?