

ONLINE

Stanford LEAD Certificate: Corporate Innovation

Foundation Courses

FINANCING INNOVATION: THE CREATION OF VALUE



Peter 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; Codirector of the Value Chain Innovation Initiative

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 Stanford 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 INNOVATION AND CHANGE



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

This 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 DESIGN



Haim Mendelson

Kleiner Perkins Caufield & Byers Professor of Electronic Business and Commerce, and Management; Codirector of the Value Chain Innovation Initiative

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 ventures on a standalone basis or within established enterprises. In this course we'll use case studies to discuss the process of structuring business models, address the core elements of a business model, and practice the design of innovative business models of new and established companies from multiple industries.

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
- Network effect businesses
- Business model examples

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). In this course, 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 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 negotiation 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 negotiation 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

In the course, 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 EXTRAORDINARY BRANDS AND EXPERIENCES



Jennifer Aaker

General Atlantic Professor of Marketing

Big ideas aren't enough. To grow and innovate, companies need to disrupt themselves and re-imagine the future. However, whereas most companies have no shortage of innovative ideas, executing on those ideas is challenging. Many of the most successful companies today—Apple, Nike, Google, Uniqlo, Salesforce, and Coke, to name a few—have been able to do both: innovate and execute. These companies have done so, in part, because first, they clearly identify key areas of growth and then, connect those growth objectives to what is most important to their stakeholders—from employees to investors to customers.

In this immersive, hands-on, project-based course you will learn how to harness the power of story to fuel stakeholder buy-in and action by building “a story of the future.” You will focus on a challenge you are currently facing—either individually or as a team. An excellent story, grounded in data, enables leaders to lay out a vision for growth. This story, in turn, aligns cross-functional teams and enables faster decision making. Moreover, when stakeholders themselves become part of the story, they are more likely to act, generating momentum and ownership for the shared vision.

Key topics include:

- Designing with purpose, empathy, and momentum
- Harnessing story for team building
- Learning how to find and define the user-as-hero story
- Aligning goals with powerful stories to unlock growth
- Crafting your story to be effectively activated across audiences and channels

Your design challenge will be to create an Innovation Playbook that lays out the vision for future growth of your company, with a particular eye toward fixing the main problem you or your team are facing (e.g., redesigning meetings, rethinking the best omni-channel strategy for a new product launch, or even designing the next chapter in your own personal career). The Innovation Playbook is not designed to be a polished prototype, but rather a sketch of “the story of the future”—showing how the story gets activated across touch points and over time to illuminate what the new vision of the world will look like. Any leader who oversees this Innovation Playbook will have the opportunity to adopt new skills to augment his/her ability to lead. Ultimately, the coupling of tools to redefine the brand experience with tools to become a stronger leader in that change process, will build muscle of those poised to become the next generation of leaders in the digital age.

By the end of the class, you will have had the opportunity to:

- Learn from CEOs and executives from Pixar, IDEO, Nike, Tory Burch, P&G, Cisco, Sequoia Capital, and Andreessen Horowitz
- Engage in coaching sessions with storytelling, brand, and design experts to hone your story
- Create an Innovation Playbook

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 sub-processes 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.

STARTUP GARAGE FOR INTRAPRENEURS



Stefanos Zenios

Charles A. Holloway Professor of Operations, Information and Technology; Director, Center for Entrepreneurial Studies

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 **Startup Garage for Intrapreneurs: 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 **Startup Garage for Intrapreneurs: Launch** 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.