

August 01, 2007

To : STRATEGY742 Participants
From : C.K.Prahalad
Subject : Course Objectives and Outline

Introduction:

The Objective of this course *is to explore the contours of the value creation process*. We start with the recognition that the industrial system as we knew it is morphing. Three forces will shape this new approach to value creation- *the changing role of the consumer-firm relationships, the 5 billion poor (bottom of the pyramid markets) and the processes by which global industries and firms are being restructured to leverage resources more effectively*. This transition phase provides enormous opportunities for entrepreneurs, for entrepreneurially driven managers in established firms as well as for those who create or work in start-ups.

By definition the subject matter of this course is new. We are going to explore the meaning of strategy and the value creation process as it is unfolding. Learning in this setting is an exploration – interpreting weak signals, identifying trends, drivers and the discontinuities, and developing a perspective on what is possible. This course is not about well- understood and widely used tools of analysis (e.g. DCF) or commonly accepted concepts and frameworks (e.g. 4 Ps in marketing, five force analysis in strategy). We need new analytic tools and concepts to understand the emerging industrial structure. Consistent with this goal, the pedagogical approach for this course is likely to be different as well. The “medium is the message” – the pedagogy will reflect the nature of the exploration in this course.

From the Broadcast model to the Webcast model of Learning:

Traditional pedagogy was primarily instructor centered. She/he decided the learning objectives, the sequence, the reading materials and the evaluation procedure. The class-room was a way of aggregating students and creating an effective distribution channel for moving knowledge of the instructor to the student(s). This is what I describe as the “broadcasting model”. The web model of learning we want to create for this class will be built on the following principles:

1. The class – instructor and the students – are *co-developers* of the course and the learning experience. I start with three assumptions:
 - a. the reality of the evolving industrial system renders the *stock of received wisdom* inadequate.
 - b. students are likely to be as knowledgeable about various aspects of this new- world as the instructor(s). Pooling of knowledge is critical to creating an exciting learning experience.
 - c. our goal is to create frameworks and tools that are appropriate to this new reality – developing and testing “working hypothesis” rather than deal with “known theories”. We need to “theorize” as we learn. *This puts a big burden on all of us – to co-develop*

- materials, concepts as well as the direction of discussions and learning.* The role of the instructor is primarily one of identifying fruitful avenues for exploration from avenues that are likely to lead to dead ends, a delicate balance between enthusiastic experimentation and learning efficiency.
2. The focus of the group will be on *developing skills in synthesis*. Most of the educational effort—be it in engineering or accounting or business – is in taking a complex problem and decomposing it into “bite size” pieces. The training, therefore, focuses on the analytic tools useful for disaggregating complexity. *Our goal is not the transmission of information or analytic tools, but the discovery of a process that produces new insights.* The focus is on *synthesizing* information that appears to be somewhat unrelated and starting to identify new patterns of opportunity.
 3. Consistent with our objective, we will focus on *examining, extending, and evaluating the tools and concepts that we have learned*. What are the basic assumptions behind the concepts we use (e.g. SWOT analysis, Activity based Costing, Organizational structure, power and authority)? What aspects will change? We need an “intellectual bridge between where we are and where we need to be”
 4. How do we get the *right balance* between focus on new tools of analysis and concepts with institutional requirements of a free society (e.g. property rights, privacy, the sanctity of contracts) and the never changing human values (e.g. integrity, respect for the individual, respect for diversity)? This will require a significant amount of personal introspection.
 5. *Learning to think* about the morphing economy is more important than knowing a lot of facts. Managers will have to develop some of the *skills of a researcher and an explorer* – rigor in thinking coupled with unbounded optimism.
 6. The key concept behind this experimentation is that we want to develop *distributed learning environments*. All steps in knowledge creation, consolidation and dissemination will have a distributed content.
 7. I like every participant to feel that this is “my course” rather than “C.K.’s course”.

The Logistics of the Web Model of Learning:

Needless to say, we will meet in the class- room for two and half hours twice a week. We will debate issues. In this form, the classroom does not look any different from any other you have had in the business school. What happens before and after class is where the difference is.

The logistics of learning in this course will consist of:

1. All the logistics of the course- reading materials, assignments and such will be on the web; just as other courses in the School. We will start with an Instructor developed “course pack”. We will add to the course pack as we move along.
2. At the end of each class (within a 24 hour period), each one will post a few lines – “my takeaways” and “my concerns”. Posting “concerns” and unresolved issues (for you) is critical. Everyone in the class will have access to these postings on the web. (Consider this a variant of class participation).
3. Each participant in this learning community is encouraged to look over the postings of others and add to it – help solve a “concern” or reinterpret an idea. The goal is to have an active time and location independent dialog. It also favors those who are naturally

- shy and are not great at “hogging air time” in the class. Sub sets of students may volunteer to “parse the main themes from the discussion group” each week and feed the summaries back to me. I would like all groups to get a chance to do it at least once.
4. Each class will start with the instructor’s summary of the results of the previous class’s dialog – in and outside the class. We will consolidate as we move along.

The Course Outline:

We recognize that the course will evolve. However, we need a common point of departure. The outline, below, is a point of departure. We will add materials as we go along. I also recognize that there is a lot of work to be done in this course. Reading, thinking, posting takeaways and concerns will consume time. I cannot promise you less work but hopefully our goal is to get the most learning / hour of your effort.

Grading Process:

Given the nature of the course, traditional grading system is out of place here. Grades are a mechanism for providing feedback. In the spirit of this course, I propose we allow for feedback from your peers and from me as your instructor. You will get feedback in three different ways:

1. Each participant is allowed to pick five of their peers - the top contributors to their learning in the class. How often you are picked is a measure of how well you are respected and how much you contributed.
2. I will track the amount of interaction and excitement you cause among your peers and me during the course; not just in the class
3. Your final paper – The opportunities you see for yourself becoming an activist in the new economy.

I am more concerned with providing feedback to you. I am not very worried about the final letter grade. Neither should you be.

I am teaching a large MBA section. However, I want to meet with all of you, in small groups or alone. We need to develop a method for doing this effectively. You can contact me for a personal meeting (appointed time slots) during office hours or by e-mail. I will bunch e-mails and answer them once in two days. Do not expect instantaneous responses.

See you in class. I am looking forward to having a lot of fun!