

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

Presented by four futuristic GME leaders



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Naveen Jindal School of Management

2018 MBA Conferences

## 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**



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## 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 can we learn from this - Dylan
- Small group discussion & report back
- Email your Dean an idea/concept and report back to us



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## 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



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# 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

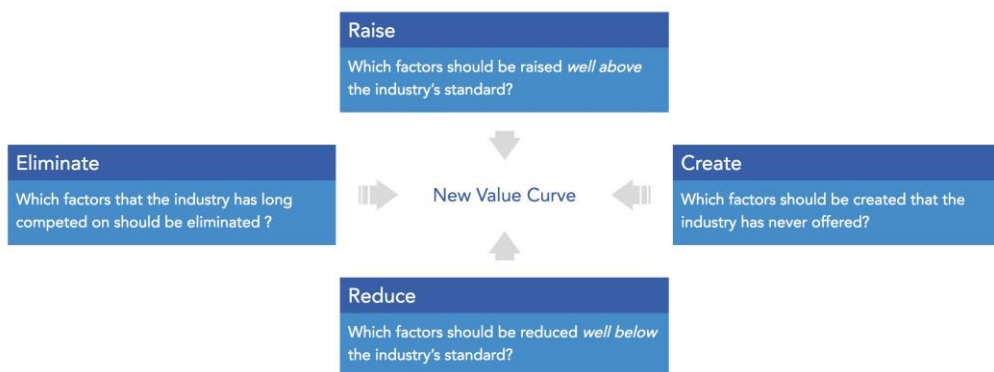


**TurboTax**   
Choose **Easy**.

# Disruptive to whom?

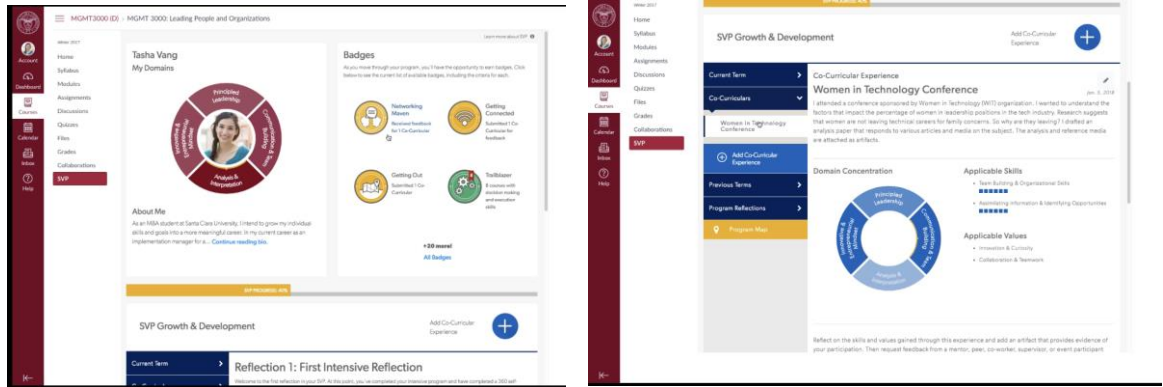


## How to become a disruptor: Four Actions Framework



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

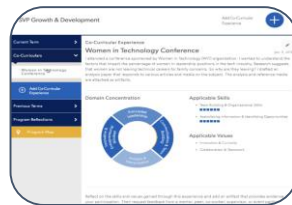


## SCU's Online MBA Program and the SVP Dashboard



### Eliminate

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



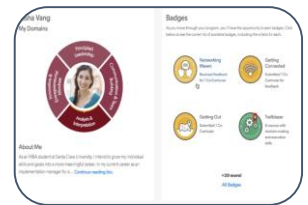
### Raise

- 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

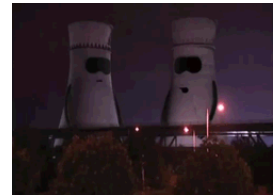
## Disruptive technology lessons

- 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



Image courtesy of captive.com

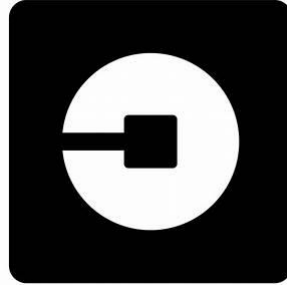
## What is Disruption?



“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-suitable 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.
  - Why 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.



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## 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



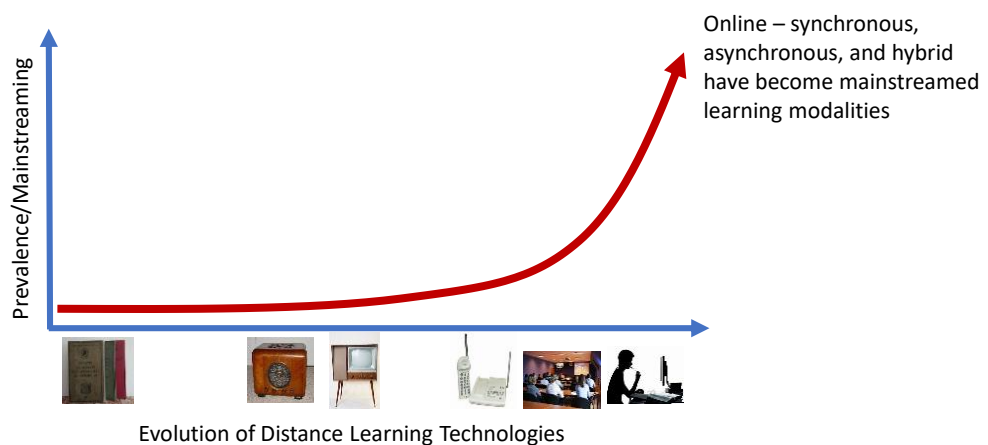
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## The Subtleties of Disruption

- 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



## 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](http://www.zuora.com)

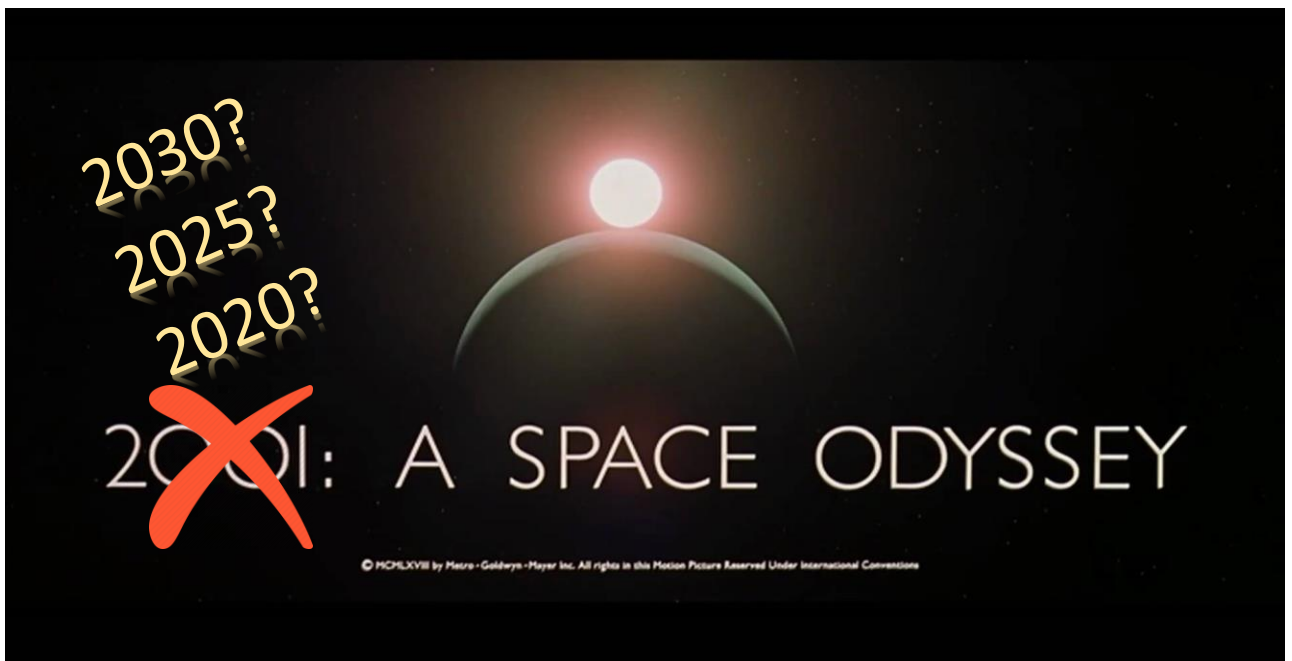
### We are primed for subscription

- 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 1<sup>st</sup> 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

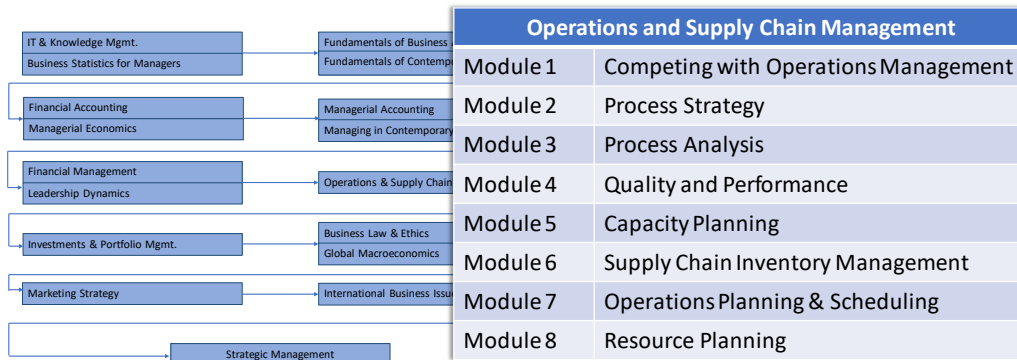
1. Subscription companies are not really selling a new type of product... they are selling a new way of delivering products with which we are already familiar.
2. Subscriptions are best when they are personalized
  - Stitch Fix sends its customers fashion fixes (clothing, shoes, and accessories) based on their personal style and preferences



## MBA Curriculum – Course Stacking



## Deconstructed MBA – Elemental Stacking



# Deconstructed MBA – Elemental Stacking

Operations and Supply Chain Management		MODULE 4: Quality and Performance	
Module 1	Competing with Operations Management	Topic 1	Document a process
Module 2	Process Strategy	Topic 2	Assess a work system
Module 3	Process Analysis	Topic 3	Identify problems in a work process
Module 4	Quality and Performance	Topic 4	Analyze a process using process and quality improvement tools
Module 5	Capacity Planning	Topic 5	Costs of managing quality
Module 6	Supply Chain Inventory Management	Topic 6	TQM and Six Sigma
Module 7	Operations Planning & Scheduling	Topic 7	ISO Series of Quality Certification
Module 8	Resource Planning		

# Deconstructed MBA – Elemental Stacking

Operations and Supply Chain Management		MODULE 4: Quality and Performance		TOPIC 4: Analyzing a process using process and quality improvement tools	
Module 1	Competing with Operations Management	Topic 1	Document a process	Element 1	Pareto analysis
Module 2	Process Strategy	Topic 2	Assess a work system	Element 2	Ishikawa diagrams
Module 3	Process Analysis	Topic 3	Identify problems in a work process	Element 3	Control charts
Module 4	Quality and Performance	Topic 4	Analyze a process using process and quality improvement tools	Element 4	Process capability
Module 5	Capacity Planning	Topic 5	Costs of managing quality	.....	.....
Module 6	Supply Chain Inventory Management	Topic 6	TQM and Six Sigma	.....	.....
Module 7	Operations Planning & Scheduling	Topic 7	ISO Series of Quality Certification	Element n	.....
Module 8	Resource Planning				



## 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

Anonymous (2018), "Schumpeter: The subscription addiction", *The Economist*, April 7, 427(9086), p. 62.

Christensen, C., M Raynor, and R. McDonald (2015), "What is a disruptive innovation?", *Harvard Business Review*, December, pp. 44 -53.

Lease, A.J. and T.A. Brown (2009), "Distance Learning, Past, Present and Future", *International Journal of Instructional Media*, 36(4), pp. 415 – 426.

Tzuo, Tien (2017) "How to thrive in the subscription economy", *INSEAD Articles*, July.

Winkler, Elizabeth (2018) "Is Stitch Fix the Netflix of Fashion? The subscription clothing service has defied investor expectations by delivering solid growth" *Wall Street Journal (Online)*, 07 June, 2018.

# A Disruption Example at UCLA

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



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## 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**



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# 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



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## Epistemology

Vs.

## Ontology



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# 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](http://www.beingaleader-UCLA.com)



- 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**

