Brief Contents

Industry Dynamics of Technological Innovation 13

Sources of Innovation 15

Preface vi

PART ONE

1 Introduction 1

3	Types and Patterns of Innovation 43			
4	Standards Battles, Modularity, and Platform Competition 67			
5	Timing of Entry 95			
ΡΔΙ	RT TWO			
Formulating Technological Innovation Strategy 113				
6	Defining the Organization's Strategic Direction 115			
7	Choosing Innovation Projects 141			
8	Collaboration Strategies 167			
9	Protecting Innovation 197			
PAI	RT THREE			
Implementing Technological Innovation Strategy 223				
10	Organizing for Innovation 225			
11	Managing the New Product Development Process 249			
12	Managing New Product Development Teams 277			
13	Crafting a Deployment Strategy 297			
INDEX 327				

Contents

Chapter 1 Introduction 1 The Importance of Technological Innovation 1	Universities and Government-Funded Research 30 Private Nonprofit Organizations 32 Innovation in Collaborative Networks 32 Technology Clusters 33
The Impact of Technological Innovation	Technological Spillovers 36
on Society 2	Summary of Chapter 37
Innovation by Industry: The Importance of	Discussion Questions 38
Strategy 4 The Innovation Funnel 4	Suggested Further Reading 38 Endnotes 39
The Innovation Futities 4 The Strategic Management of Technological	Endnotes 39
Innovation 6	Chapter 3
Summary of Chapter 9	Types and Patterns of Innovation 43
Discussion Questions 10	
Suggested Further Reading 10	Innovating in India: The Chotukool Project 43 Overview 46
Endnotes 10	Types of Innovation 46
PART ONE	Product Innovation versus Process Innovation 46
INDUSTRY DYNAMICS	Radical Innovation versus Incremental
OF TECHNOLOGICAL	Innovation 47
INNOVATION 13	Competence-Enhancing Innovation versus Competence-Destroying Innovation 48
Chapter 2	Architectural Innovation versus Component
Sources of Innovation 15	Innovation 49
	Using the Dimensions 50
The Rise of "Clean Meat" 15	Technology S-Curves 50
Overview 19	S-Curves in Technological Improvement 50
Creativity 20 Individual Creativity 20	S-Curves in Technology Diffusion 53
Organizational Creativity 22	S-Curves as a Prescriptive Tool 54 Limitations of S-Curve Model as a Prescriptive
Translating Creativity Into Innovation 24	Tool 55
The Inventor 24	Technology Cycles 56
Innovation by Users 26	Summary of Chapter 62
Research and Development by Firms 27	Discussion Questions 63
Firm Linkages with Customers, Suppliers,	Suggested Further Reading 63
Competitors, and Complementors 28	Endnotes 64

Chapter 4 Standards Battles, Modularity, and Platform Competition 67	Strategies to Improve Timing Options 108 Summary of Chapter 108 Discussion Questions 109 Suggested Further Reading 109
A Battle for Dominance in Mobile Payments 67	Endnotes 110
Overview 71 Why Dominant Designs Are Selected 71 Learning Effects 72 Network Externalities 73 Government Regulation 76 The Result: Winner-Take-All Markets 76	PART TWO FORMULATING TECHNOLOGICAL INNOVATION STRATEGY 113
Multiple Dimensions of Value 77 A Technology's Stand-Alone Value 78 Network Externality Value 78	Chapter 6 Defining the Organization's Strategic Direction 115
Competing for Design Dominance	Tesla, Inc. in 2018 115
in Markets with Network Externalities 83 Modularity and Platform Competition 87	Overview 123 Assessing the Firm's Current
Modularity 87	Position 123
Platform Ecosystems 89	External Analysis 123
Summary of Chapter 91	Internal Analysis 127
Discussion Questions 92 Suggested Further Reading 92	Identifying Core Competencies and Dynamic Capabilities 131
Suggested Further Reading 92 Endnotes 93	Capadiffiles 131 Core Competencies 131 The Risk of Core Rigidities 132
Chapter 5	Dynamic Capabilities 133
Timing of Entry 95	Strategic Intent 133
Timing of Entry 93	Summary of Chapter 137
UberAIR 95	Discussion Questions 138
Overview 98	Suggested Further Reading 139
First-Mover Advantages 98	Endnotes 139
Brand Loyalty and Technological	
Leadership 98	Chapter 7
Preemption of Scarce Assets 99 Exploiting Buyer Switching Costs 99	Choosing Innovation Projects 141
Reaping Increasing Returns Advantages 100	Where Should We Focus Our Innovation
First-Mover Disadvantages 100	Efforts? An Exercise 141
Research and Development Expenses 101	Overview 146
Undeveloped Supply and Distribution	The Development Budget 146
Channels 101	Quantitative Methods For Choosing
Immature Enabling Technologies and	Projects 149
Complements 101	Discounted Cash Flow Methods 149
Uncertainty of Customer Requirements 102	Real Options 152
Factors Influencing Optimal Timing of Entry 104	Disadvantages of Quantitative Methods 154

Qualitative Methods for Choosing Projects 154	Suggested Further Reading 193 Endnotes 194
Screening Questions 154 The Aggregate Project Planning Framework 157 Q-Sort 159 Combining Quantitative and Qualitative	Chapter 9 Protecting Innovation 197
Combining Quantitative and Qualitative Information 159 Conjoint Analysis 159 Data Envelopment Analysis 161 Summary of Chapter 163 Discussion Questions 163 Suggested Further Reading 164 Endnotes 164	The Digital Music Distribution Revolution 197 Overview 201 Appropriability 202 Patents, Trademarks, and Copyrights 202 Patents 203 Trademarks and Service Marks 207 Copyright 208
Chapter 8	Trade Secrets 210 The Effectiveness and Use of Protection
Ending HIV? Sangamo Therapeutics and Gene Editing 167 Overview 175 Reasons for Going Solo 175 1. Availability of Capabilities 176 2. Protecting Proprietary Technologies 176 3. Controlling Technology Development and Use 176 4. Building and Renewing Capabilities 177 Advantages of Collaborating 177 1. Acquiring Capabilities and Resources Quickly 177 2. Increasing Flexibility 178 3. Learning from Partners 178 4. Resource and Risk Pooling 178 5. Building a Coalition around a Shared Standard 178	The Effectiveness and Use of Protection Mechanisms 211 Wholly Proprietary Systems versus Wholly Open Systems 212 Advantages of Protection 213 Advantages of Diffusion 215 Summary of Chapter 218 Discussion Questions 219 Suggested Further Reading 219 Endnotes 220 PART THREE IMPLEMENTING TECHNOLOGICAL INNOVATION STRATEGY 223 Chapter 10 Organizing for Innovation 225
Types of Collaborative Arrangements 178 Strategic Alliances 179 Joint Ventures 181 Licensing 182 Outsourcing 183 Collective Research Organizations 184 Choosing a Mode of Collaboration 184 Choosing and Monitoring Partners 187 Partner Selection 187 Partner Monitoring and Governance 191 Summary of Chapter 192 Discussion Questions 193	Organizing for Innovation at Google 225 Overview 227 Size and Structural Dimensions of the Firm 228 Size: Is Bigger Better? 228 Structural Dimensions of the Firm 230 Centralization 230 Formalization and Standardization 231 Mechanistic versus Organic Structures 232 Size versus Structure 234 The Ambidextrous Organization: The Best of Both Worlds? 234

Modularity and "Loosely Coupled" Organizations 236 Modular Products 236 Loosely Coupled Organizational Structures 237 Managing Innovation Across Borders 240 Summary of Chapter 243 Discussion Questions 244 Suggested Further Reading 244 Endnotes 245	Overall Innovation Performance 271 Summary of Chapter 271 Discussion Questions 272 Suggested Further Reading 272 Endnotes 273 Chapter 12 Managing New Product Development Teams 277
Chapter 11 Managing the New Product Development Process 249 Scrums, Sprints, and Burnouts: Agile Development at Cisco Systems 249 Overview 252 Objectives of the New Product Development Process 252 Maximizing Fit with Customer Requirements 252 Minimizing Development Cycle Time 253 Controlling Development Costs 254	Innovation Teams at the Walt Disney Company 277 Overview 279 Constructing New Product Development Teams 280 Team Size 280 Team Composition 280 The Structure of New Product Development Teams 285 Functional Teams 285 Lightweight Teams 286 Heavyweight Teams 286 Autonomous Teams 286 The Management of New Product Development Teams 288
Sequential versus Partly Parallel Development Processes 254 Project Champions 257 Risks of Championing 257 Involving Customers and Suppliers in the Development Process 259 Involving Customers 259 Involving Suppliers 260 Crowdsourcing 260 Tools for Improving the New Product	Development Teams 288 Team Leadership 288 Team Administration 288 Managing Virtual Teams 289 Summary of Chapter 292 Discussion Questions 292 Suggested Further Reading 293 Endnotes 293
Tools for Improving the New Product Development Process 262 Stage-Gate Processes 262	Chapter 13 Crafting a Deployment Strategy 297
Quality Function Deployment (QFD)—The House of Quality 265 Design for Manufacturing 267 Failure Modes and Effects Analysis 267 Computer-Aided Design/Computer-Aided Engineering/Computer-Aided Manufacturing 268 Tools for Measuring New Product Development Performance 269 New Product Development Process Metrics 271	Deployment Tactics in the Global Video Game Industry 297 Overview 306 Launch Timing 306 Strategic Launch Timing 306 Optimizing Cash Flow versus Embracing Cannibalization 307 Licensing and Compatibility 308 Pricing 310

Distribution 312

Selling Direct versus Using Intermediaries 312 Strategies for Accelerating Distribution 314

Marketing 316

Major Marketing Methods 316
Tailoring the Marketing Plan to Intended
Adopters 318
Using Marketing to Shape Perceptions and
Expectations 320

Summary of Chapter 323
Discussion Questions 324
Suggested Further Reading 324
Endnotes 325

Index 327