

**GALES OF CREATIVE DESTRUCTION (GCD)****GBUS 8763**

*Causes and Consequences of Disruptive Technological Innovation  
Through History*

## FACULTY

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CREDIT HOURS	1.5
TIME AND DAYS	10:00-11:25 a.m, Late Week (LW)
FORMAT	Hybrid
ENROLLMENT	65 max.

## DESCRIPTION

Technological innovation is the defining characteristic of our digital age. Remarkable advances in artificial intelligence, machine learning, the internet of things, automation, and blockchain (to name but a few) are rapidly transforming fundamental aspects of every human endeavor: finance, medicine, agriculture, manufacturing, communication, education...and the list goes on. This tsunami of transformative change can be both exhilarating and unnerving, as economic and civic upheavals reverberate throughout our society. Under such conditions, the turbulence we experience may seem novel and unprecedented. And, yet, if we step back and take the longer view, we might discover that this may not be so.

Nearly 80 years ago, Austrian economist Joseph Schumpeter (1883-1950) popularized the idea that *creative destruction* is “the essential fact about capitalism.”<sup>1</sup> Fueled by disruptive technological innovation and unremitting entrepreneurial action, Schumpeter showed that the “perennial gale of creative destruction” is the very process by which economies and societies evolve over time. Bearing this in mind and looking to the past, we may see that our present moment is not so unusual. In fact, we may find historical parallels that can help us better understand *where* we are now, *how* we got here, and *where* we may be going.

*Gales of Creative Destruction* (GCD) is a 14-session, one-quarter elective course in business history at Darden that explores the antecedents of disruptive technological innovations and their implications for business and society. In this course, we take the long view, examining the common factors that hasten the emergence of disruptive innovations, promote their cascading effects through business and society, and extend their impact on institutions, industries, enterprises, and individuals. This course strives to engender

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<sup>1</sup> *Capitalism, Socialism and Democracy* (1942).

in students a knack for pattern-recognition, as we draw lessons from paradigm-shifting technological progress – and a deeper understanding of the entrepreneurs and innovators who contribute to capitalism's ceaseless churn. Through this course, students will develop a framework for understanding under what conditions new technologies result in disruptive change, thereby gaining a perspective on the future through reflections on the past.

GCD is organized chronologically, beginning in the late eighteenth century with the first major wave of technological advances in manufacturing that emerged in Europe and the United States, and continuing through the most recent, transformative technology developments of the twenty-first century. This course has four primary modules, loosely arranged around the cycles of innovation that occurred during each of three major industrial revolutions – marking significant inflection points for economic development – with a concluding module that addresses the possibility that we may have now entered a fourth.

Drawing on a variety of cases, readings and other materials, this course will take a multidisciplinary approach, incorporating diverse perspectives from economics, finance, history and management. In general, the intellectual backdrop for many of our discussions will be theories and principles from institutional economics. However, the primary throughline for us will be the vital role of individual human agency and firm-level strategic decisions in understanding the dynamics of disruptive innovation over time. Given the multidimensional impact of industrial revolutions, this course serves as a capstone elective, drawing upon diverse skills developed in other courses, to synthesize new insights from the past about the present and future.

Central to the thesis of GCD is the recognition that individual decisionmakers and firms are instruments of economic and social change – and not always for the better. As even Schumpeter himself understood, the process of creative destruction nearly always contributes to a paradox of progress, whereby some in society will be harmed, especially as certain forces create entirely new industries and sectors, often displacing others – and sometimes forever. And so, given the importance of individual agency here, a dominant theme of this course will always be the essential and difficult role for responsible leadership, which will be called upon when the choices for action and their consequences are unclear and the trade-offs are fraught.

This course will be useful to MBAs who pursue a wide range of professions and industries. Consultants, analysts, managers, and entrepreneurs, regardless of sector, must develop a sophisticated understanding about the patterns of technological innovation and the broader processes that have brought us to where we are today – with insight about the dynamics of tomorrow. While this material will be especially valuable for students interested in technology, the issues we address will have broad application since, arguably, every business, non-profit, government agency and startup will ultimately confront the perennial gales of creative destruction.

GCD complements (does not duplicate) two other Darden electives that embrace business history: ***Democracy and Capitalism: Politics, Markets and Institutions*** (GBUS 8008), and ***Financial Crises and Civic Reaction*** (GBUS 8172) also offered in Spring 2021, Q3 and Q4; these other two courses may be taken concurrently and like this course, neither have pre-requisites.

## GRADING

Class Participation	40%
Teaching Case/Analysis <b>or</b> Final Paper	60%

Active participation is critical for collective learning. At the end of the term, you will receive a grade based on the quality of your contributions to class discussion. Quality contributions advance novel concepts and are supported by data from the case. Frequent contributions that add little to the discussion or demonstrate a lack of familiarity with case specifics will be viewed unfavorably. Obviously, it is difficult to contribute if you fail to attend class. If you must miss class, please contact the professor before the session.

As part of this course, you are required to write a teaching case with an associated analysis (Alternative A), **or** you may submit a final paper that will draw on the themes and frameworks introduced throughout the course (Alternative B).

### **Alternative A**

If you choose to write a teaching case, then you may do as a **team project** with other students enrolled in the class. This case should illuminate a technological innovation through the lens of an individual innovator, entrepreneur, or company. It should strive to highlight the factors that led to the introduction of this technology, whether and how it was broadly adopted, and the ways in which it was (or was not) emblematic of the process of creative destruction. Ideally, the case should center on a specific decision for the protagonist, and you should explain how industry dynamics, government policy, societal issues, competitive environment, and market forces at the time influenced the emergence of the innovation. The format of the case should be similar to the Darden teaching cases with which you are familiar. Preference will be for both primary and secondary research to inform the case. Students are encouraged to work in teams to prepare their case. Students must first submit a brief “case proposal” and receive instructor approval before proceeding with the development of the case itself. Superior cases may be considered for publication in the Darden Case Collection, at the discretion of the instructors.

In addition to developing the case, you must also prepare and submit an analysis of the teaching case. This will be an **individual assignment** and it should be structured as a consulting report and be delivered in the form of a power point deck. The main body of the report will be limited to seven slides with an unlimited number of exhibit slides appended to the main body.

### **Alternative B**

This will be an **individual assignment**, and will require an amount of effort commensurate with case writing assignment described above. This analytical assignment will address the broader intellectual themes introduced during the course and will ask the student to draw from both historical precedents and current examples to illuminate the process of creative destruction. The assignment will be distributed during the final week of the course and will be due by the end of Q3 exam period.

## SYLLABUS

A detailed plan for this course will be posted to Canvas before Thanksgiving 2020.