



# Disruptive innovation

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# Topics

How do I recognize the patterns of disruption?

How should I respond to it?

What needs to change in my organization?

# Topics

**How do I recognize the patterns of disruption?**

How should I respond to it?

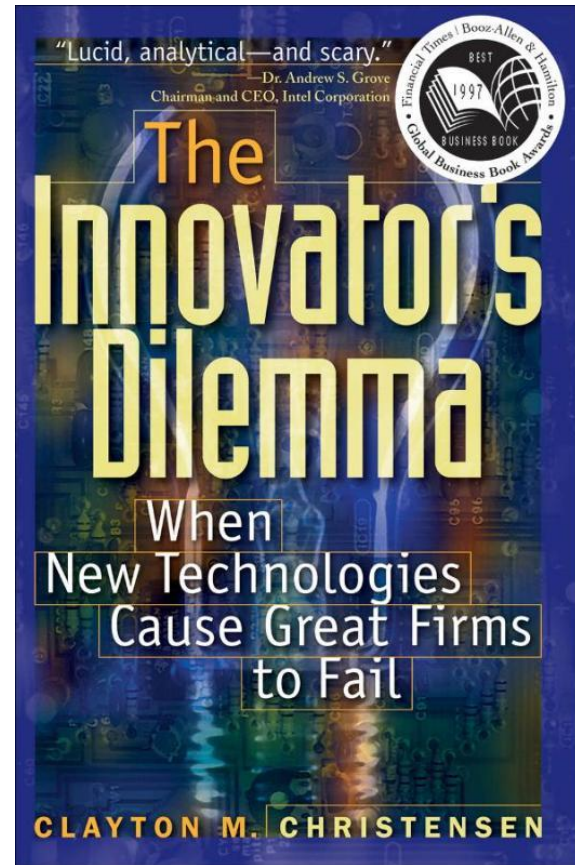
What needs to change in my organization?

Innovation: *Meaningful* change  
that has an *impact*

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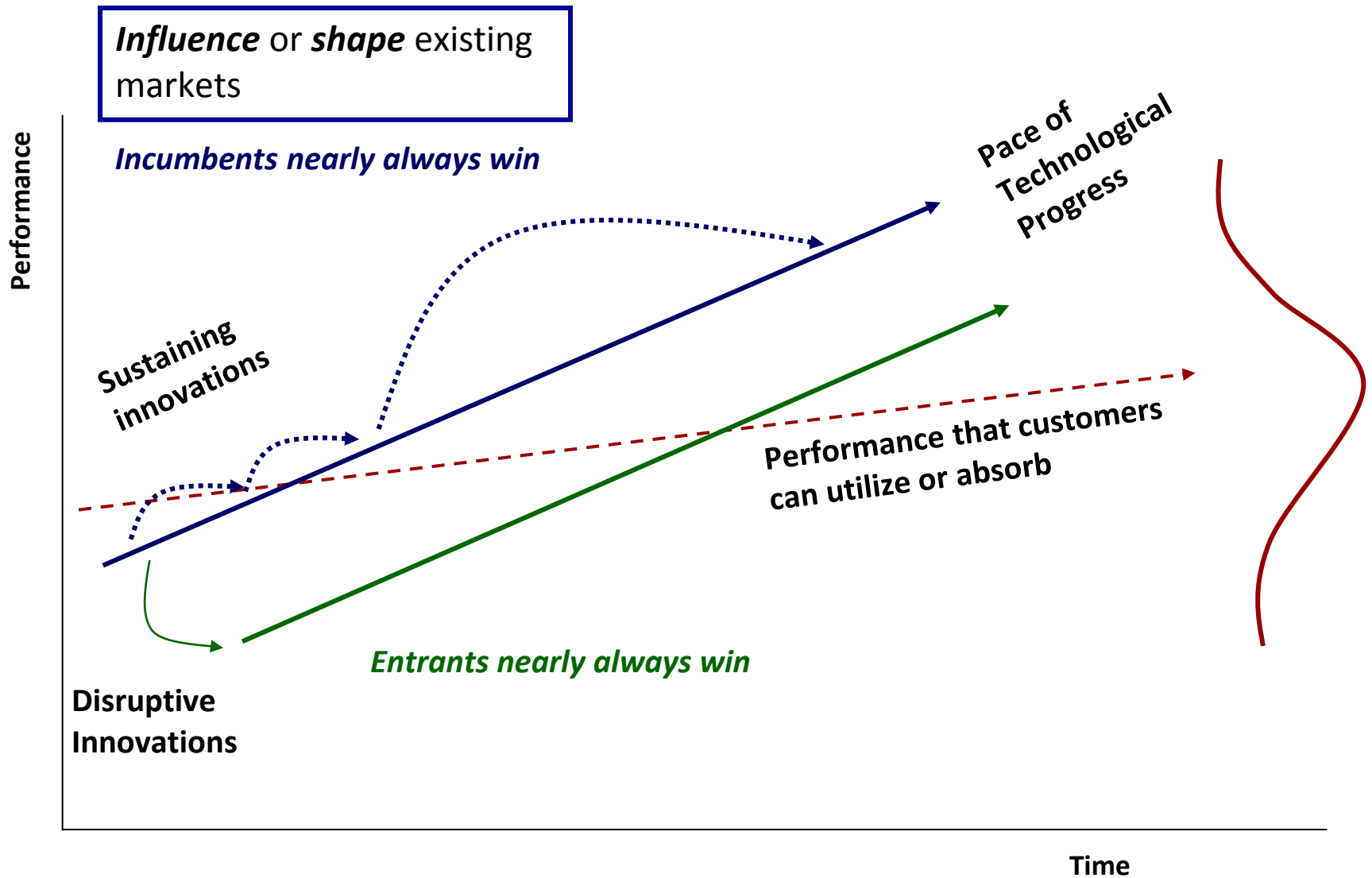


CLAYTON CHRISTENSEN



Why do bad things happen to well-managed companies?

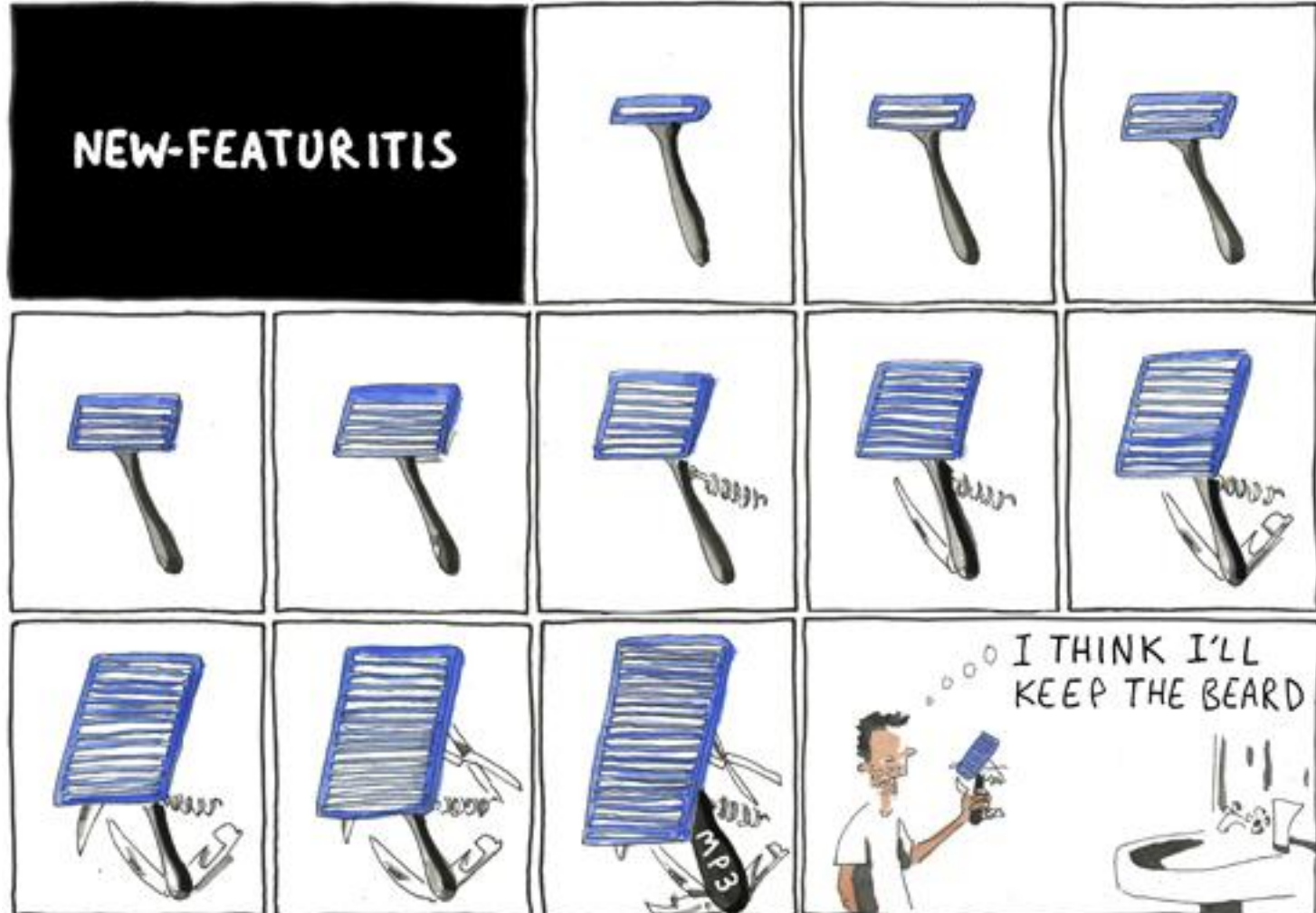
A disruptive innovation transforms a market through *simplicity, convenience, accessibility or affordability*



# Sustaining innovation!

BRAND CAMP

by Tom Fishburne



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TOM FISHBURNE.COM



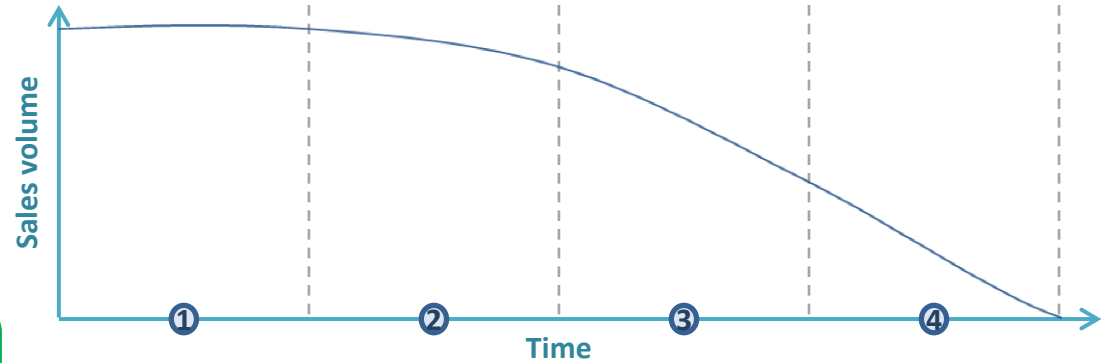
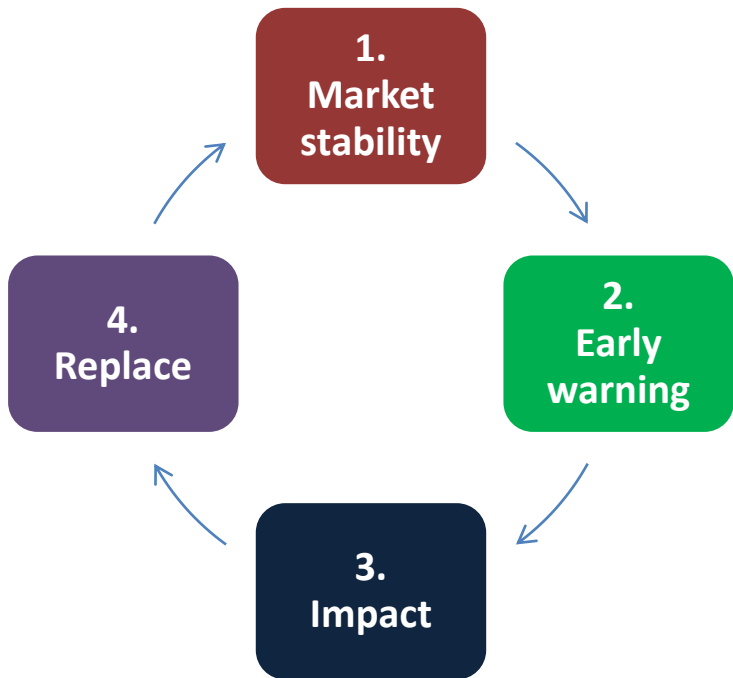
# Disruptive innovation!



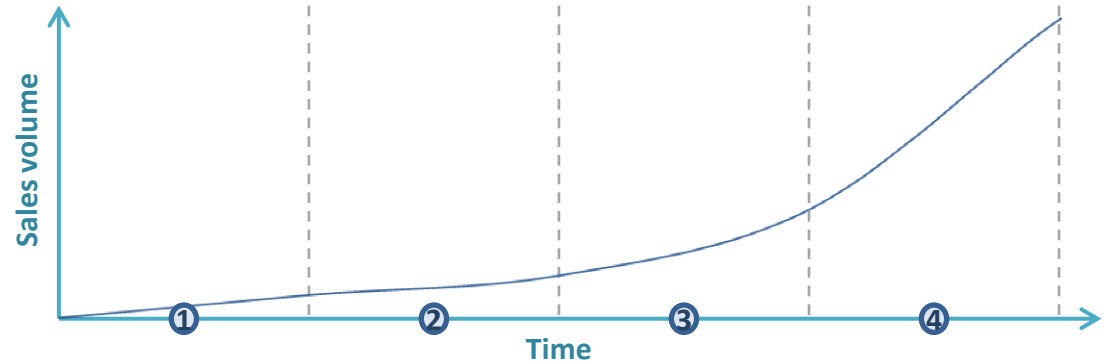


# Patterns of disruption

To incumbents being disrupted, initially all looks well until it's too late...

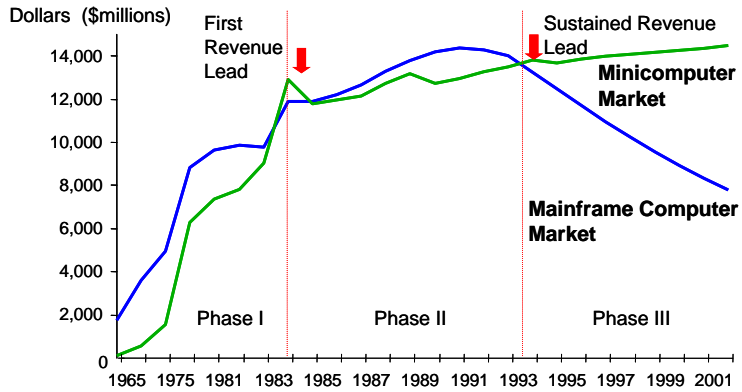


...and to disruptors, patience is needed until an inflection point is hit



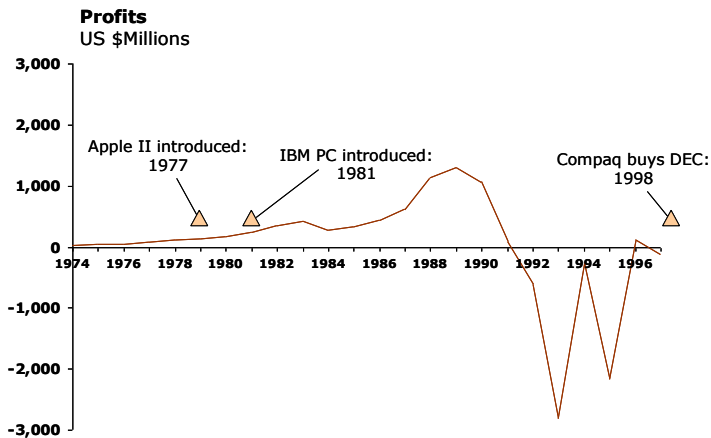
# Patterns seen across industries

## Minicomputers vs. Mainframes



Source: ITI, Industry Statistics Programs; U.S. Microcomputer, Committee Forecast, Data Analysis Group

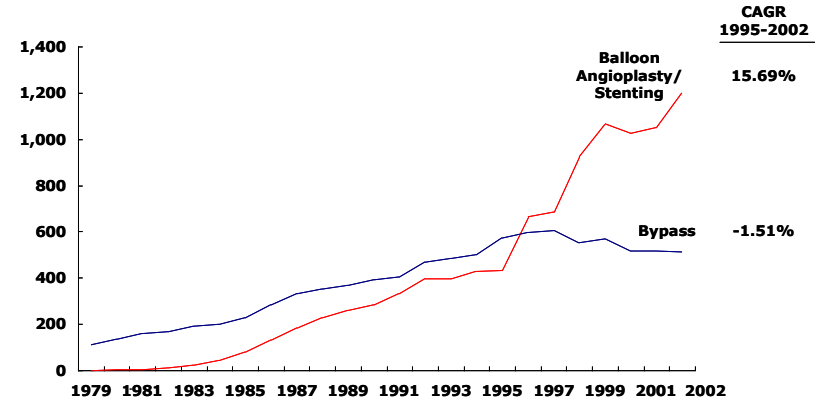
## PCs vs Minicomputers



Source: Fortune 500 Database; Innosight analysis

## Angioplasty vs. CABG

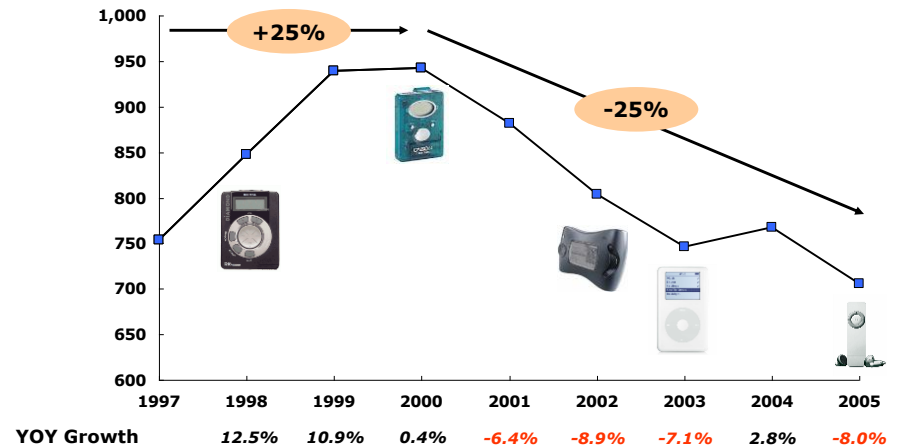
Estimated Inpatient Cardiovascular Procedures, 1979-2002  
000s of procedures



Source: United States Cent

## MP3s vs CDs

Total CD units shipped, U.S.  
Millions

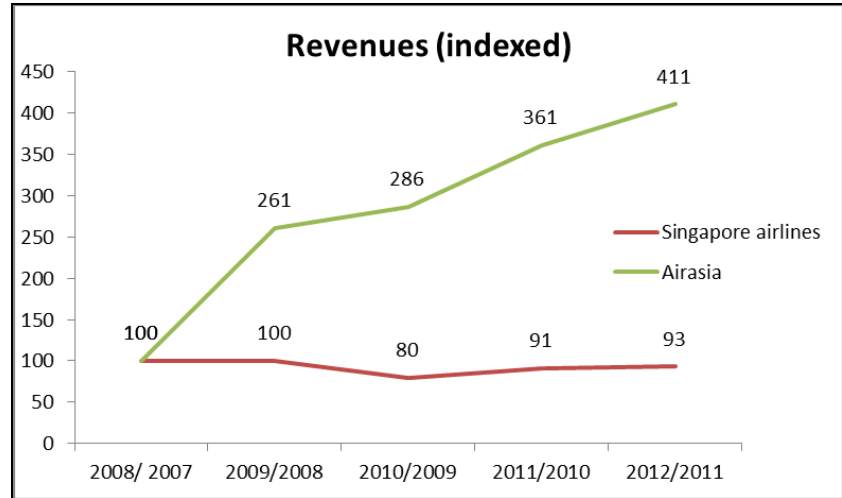
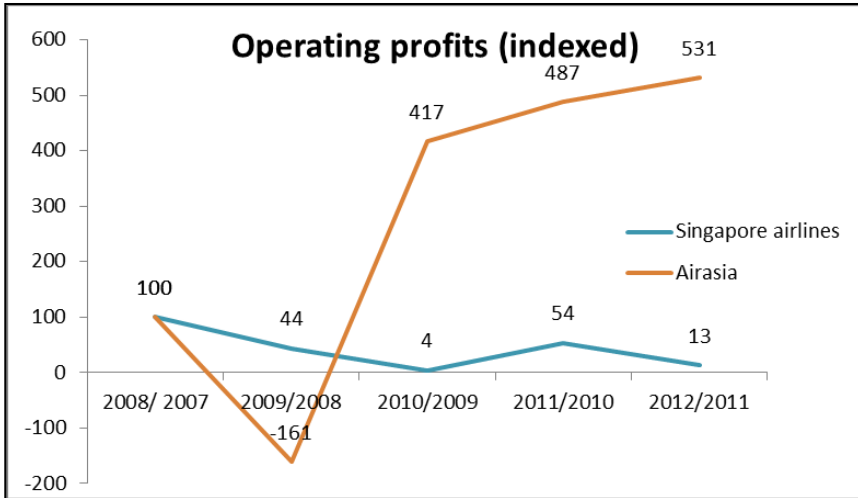


Source: RIAA Web Site; Innosight Analysis

# Seeing disruption in action



# Successful disruptor = Discontinuous growth



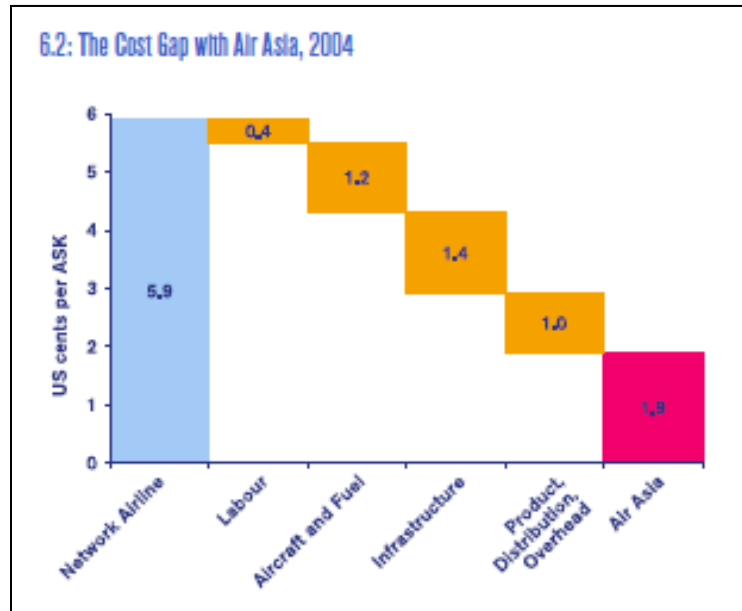
If you had invested \$100\* on 1/1/ 2008:

**Air Asia: +81%**

**SQ: - 39%**

Source: FT; includes dividends paid

# Why can't Singapore Airlines fight back?

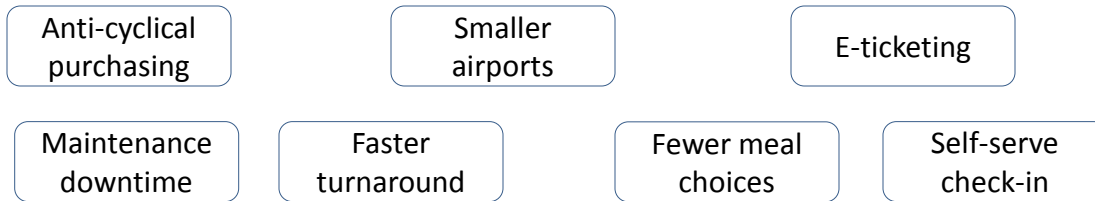


**Disruptors win  
with a different  
business model**

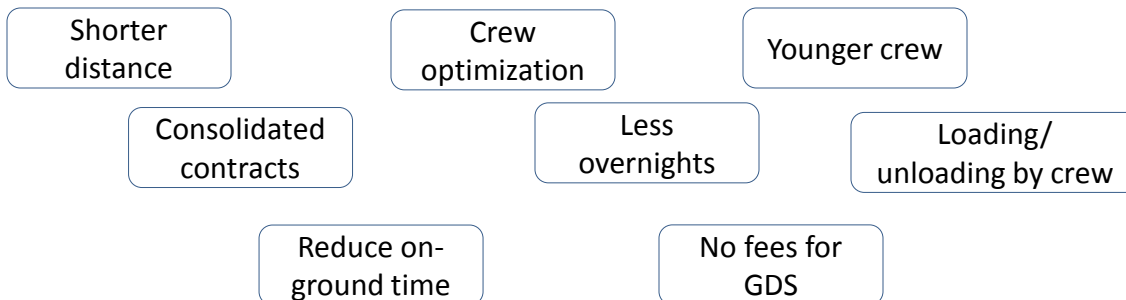
Air Asia cost  
advantage  
**+68%**

Source: IATA Cost performance, adjusted for different seat density and 1500KM distance

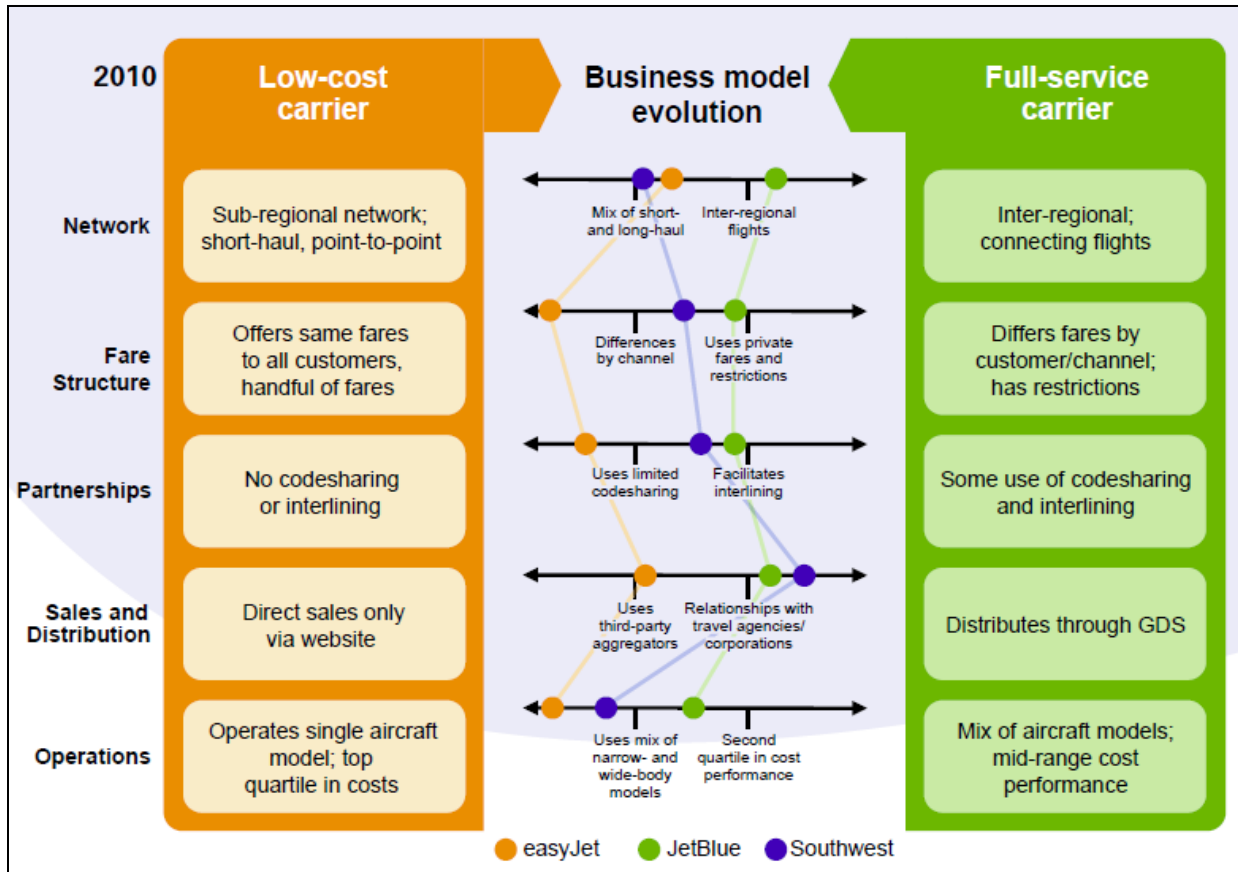
# It is tough to fight against a business model



**...because they innovate across multiple levers**



# Quality is relative

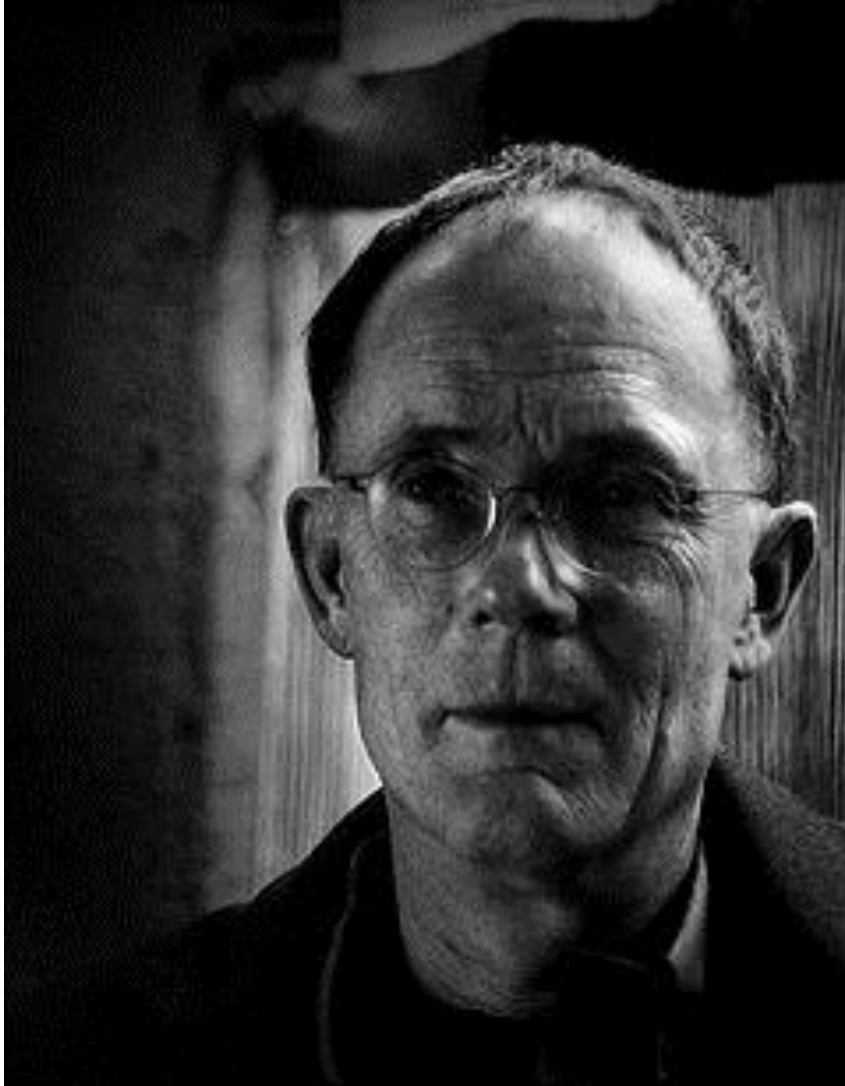


**Disruptors make trade-offs in performance (to lower price)**



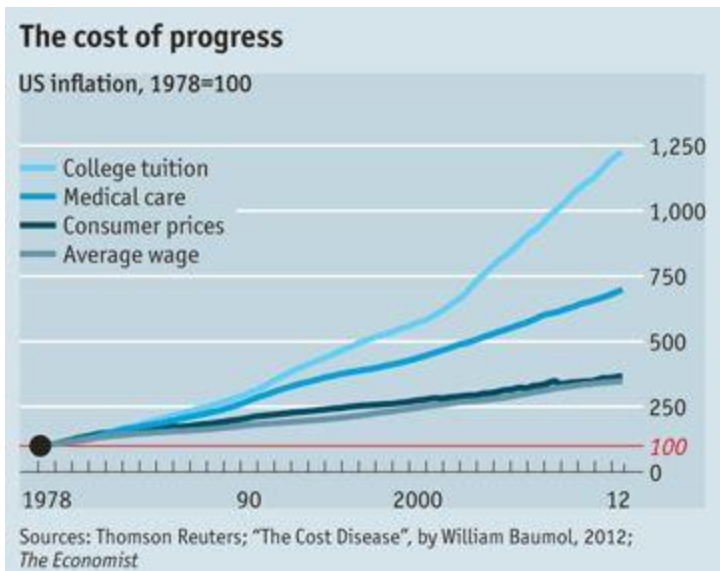
# Summary

- Disruption follows a predictable pattern
- Disruption can lead to discontinuous growth
- Disruptors compete with a different business model
- Quality is always relative

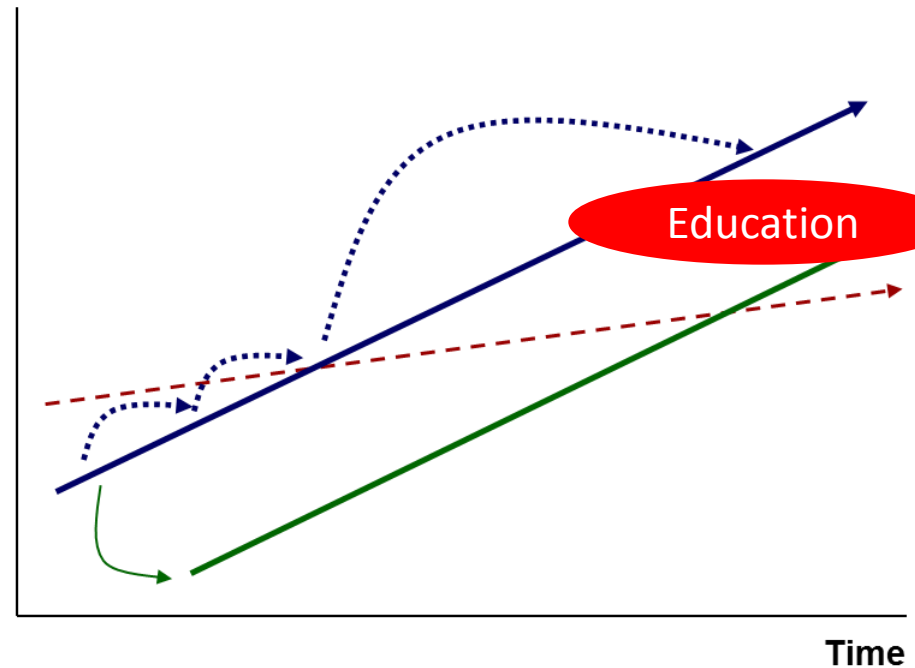


**The future is  
already here –  
it's just not  
evenly  
distributed**

# Current higher education model is open for disruption



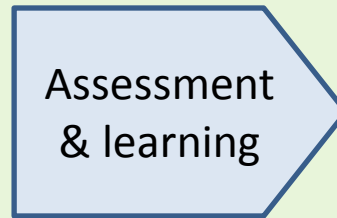
Performance



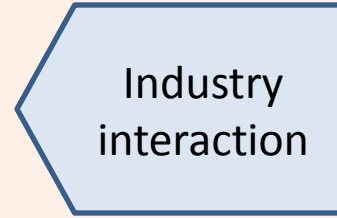
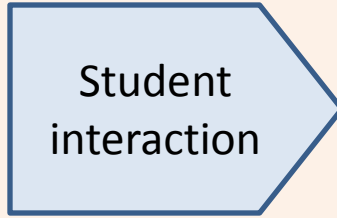
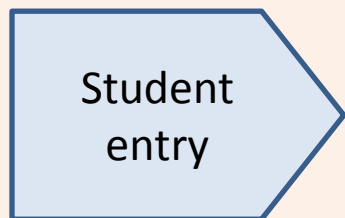
# Colleges have conflated multiple business models



**Solution shop**

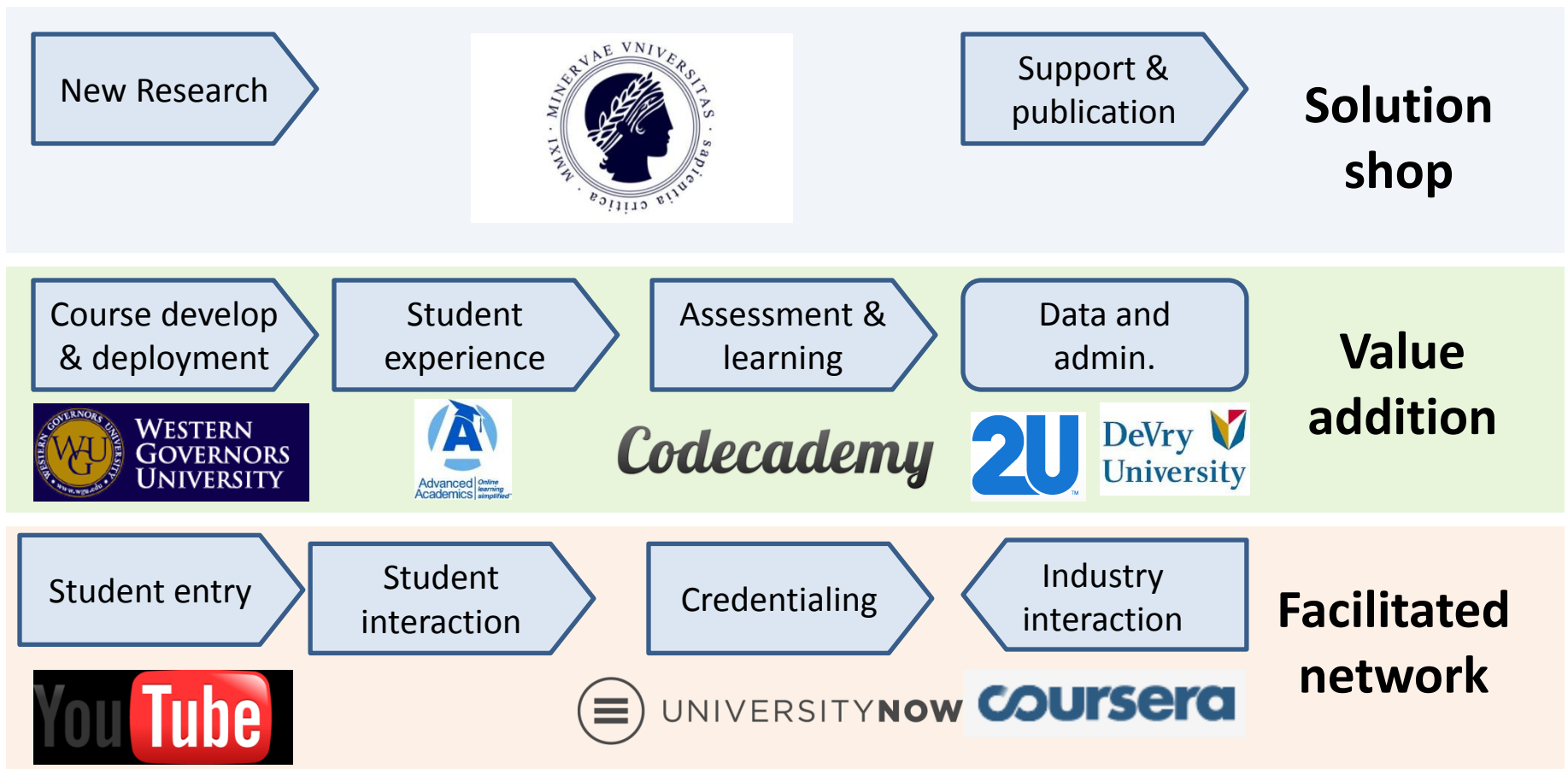


**Value addition**



**Facilitated network**

# Disruptors are innovating in different parts of the business model



# Disruptive trends in education

From

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Inputs-based measures

Discipline-based silo

Selective enrollment

Skills-based

To

---

Learning Outcomes

Student personalization

Democratize quality

Rules-based

# Disruption could fundamentally alter the current education model

From	To	Implication
Inputs-based measures	Learning Outcomes	Should funding be linked to assessments?
Discipline-based silo	Student personalization	How should the college be structured?
Selective enrollment	Democratize quality	What is the proposition for the non-“Harvards”?
Skills-based	Rules-based	Do teacher credentials matters?



# Topics

How do I recognize the patterns of disruption?

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What needs to change in my organization?


# BIRTH OF AN INSIGHT

CAN YOU TURN UP THE HEAT?  
IT'S COLD IN HERE



CONSUMER

THE CONSUMER WAS COLD



MODERATOR

THE CONSUMER IS LOOKING FOR WARMTH



MARKET RESEARCHER

OUR BRAND WARMS THE CONSUMER IN A COLD WORLD



MARKETER



CAT FOOD

WARMS YOU FROM THE INSIDE OUT

50%

CAT FOOD

CAT FOOD

HUH?!?  
AT LEAST THERE'S A COUPON



LIBERATING CONSUMER INTELLIGENCE. EMPOWERING MARKETERS. **MOTISTA**

Look for non-consumers

Wii™

# Look for your non-consumers



Eliminate usage barriers:

- Cost
- Access
- Capability
- Time

# What really are customers buying?

*What type of milkshake would you 'hire'*



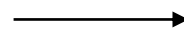
*On the way to the work*

VS



*For your kid's afternoon snack*

What?



Why?  
When?



*Swagger Wagon*  
The Sienna Family  
feat. The Sienna SE  
Dir: Jody Hill  
Black Iris Music

# Why do you need this car?



**Job: Why is the customer hiring you?**

**FUNCTIONAL**

*"Give me a reliable transport"*

**EMOTIONAL**

*"Ensure my family is safe"*

**SOCIAL**

*"I am cool even if I am parent!"*



# When do you need it?



Jobs to be done



Safety

Quick  
access

Lots of  
Space

With kids



Shopping



To work



What you are  
competing  
against?

Circumstances



# Existing solutions don't satisfy the jobs

## Student Jobs



- I want to be engaged by school
- I want to learn the skills required for a successful career
- I want to engage with my friends while I learn
- I want to use technology in the classroom, just as I will be expected to in the workplace

+

## Teacher Jobs



- I want to engage every student in my classroom
- I want all my students to be successful
- I want to focus my time on teaching, not dealing with administria
- I want to learn and compare notes with other teachers

≠

## Existing Solutions



×

×

×

×

**“We’re now questioning the rational for textbook purchases”  
– Superintendent**

# Build a business model wrapped around the Job

How do you  
**Create** value



How do you  
**Deliver** value



How do  
**Capture** value

# Build a business model wrapped around the Job



I want a fast, cheap hair trim

# Build a business model wrapped around the Job

Create value  
*Limited service*

**10minutes SG\$10 determination**

**Service**

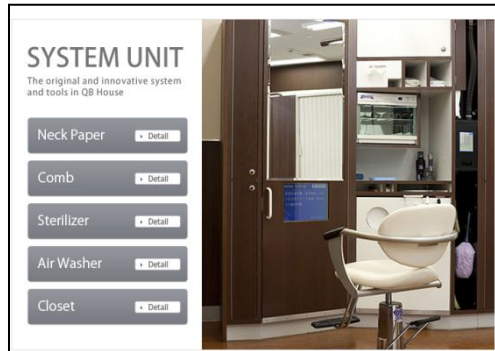
Cut	●	Color	×	Shave ※1	×
Shampoo ※2	×	Blow	×	Perm	×

Deliver value  
*Redesigned processes*

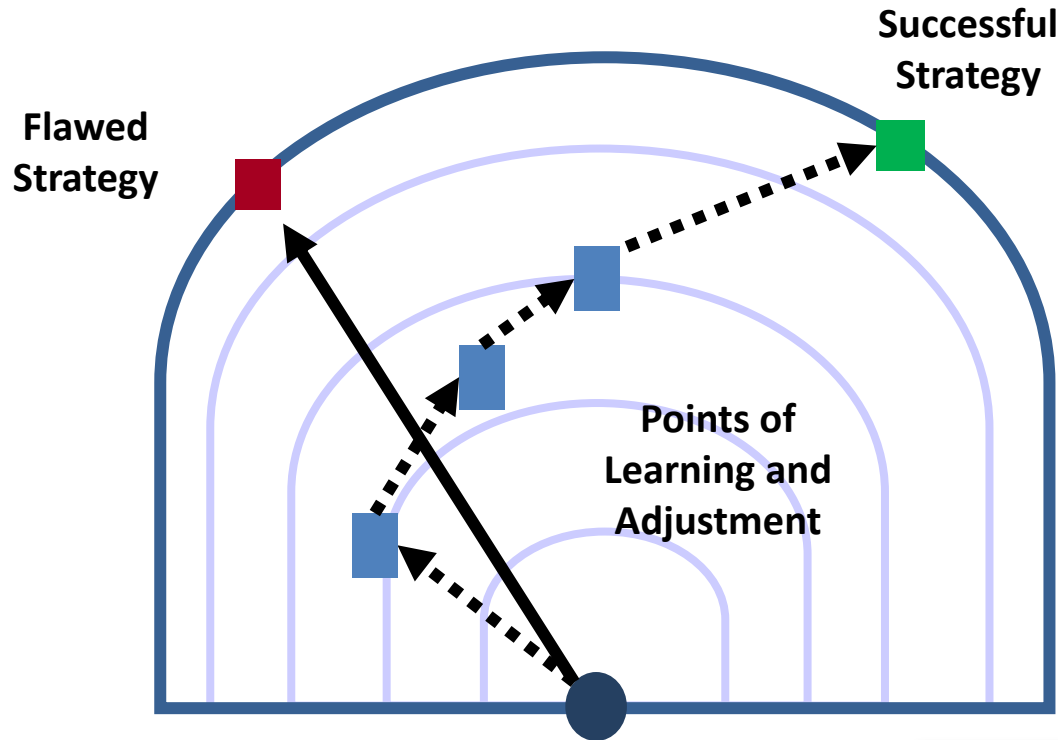
**Why QB House can complete a haircut in 10 minutes?**

- POINT 01**  
Sophisticated professional stylist
- POINT 02**  
Original system unit supporting stylist's efficient work
- POINT 03**  
Original "Air washer"
- POINT 04**  
Customer's cooperation

Capture value  
*"Seat utilization"*



# Test early, and learn fast to manage risk



*“For every one of our failures, we had spreadsheets that looked awesome”*

*Scott Cook, Intuit*

**More than 90% of successful new ventures start off following the wrong strategy**



# Your first idea is always wrong!





# To build a successful business model...

- Talk to the non-consumers
- Understand the Jobs and Circumstances
- Build the business model around the Job
- Test early, fail cheap, and learn fast!

# Topics

How do I recognize the patterns of disruption?

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# Traps that prevent successful innovations

**Disconnected dots**



**Break silos!**

**New wine, old bottle**



**What's the Job?**

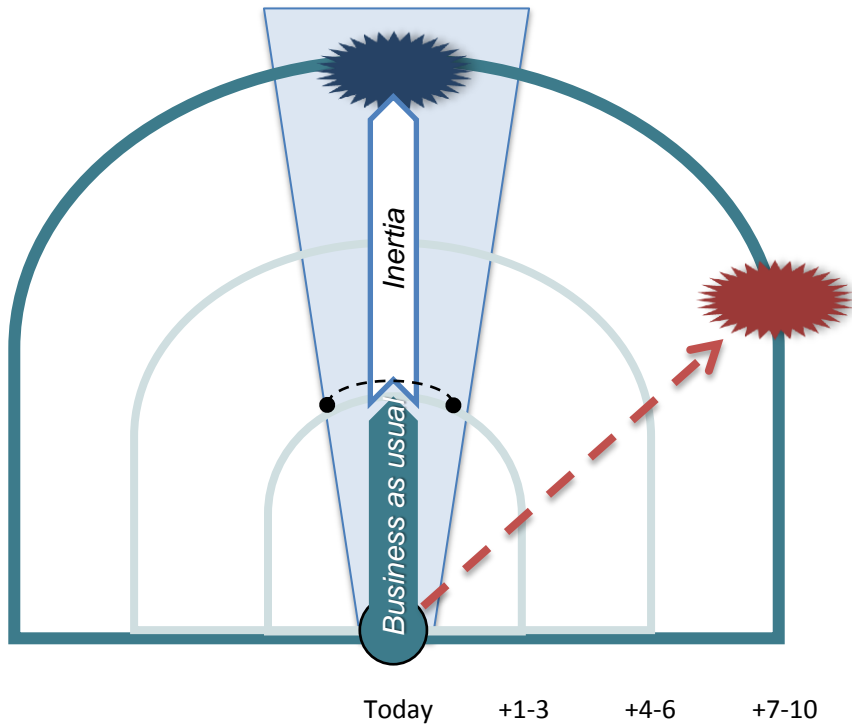
**Curse of Perfection**



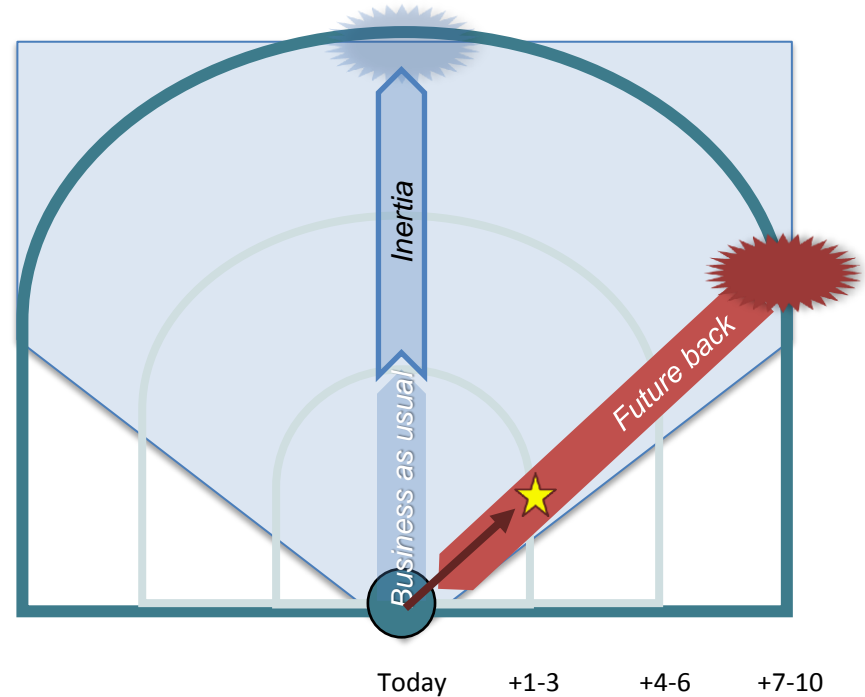
**Good enough is OK!**

# Define what you aspire to be

*Present-forward strategic planning processes typically succumb to inertia*



*Future-back processes substantially widen the consideration set*



# Deeply understand what makes you special



“We believe that the Procter & Gamble Company has a time-tested business model. It involves **superior products**, based on superior **consumer insight**. It involves the five **strengths** of the company, **branding**, **go-to market**, **scale**, **innovation**, **consumer knowledge**. We think those are **enduring** just like we think the purpose of the company is enduring.”

**Which capabilities make YOUR organization special?**

**Does it MATTER?**

*Would Customers  
Agree?*

**Is it BETTER?**

*Would Competitors  
Agree?*

**Is it UNIQUE?**

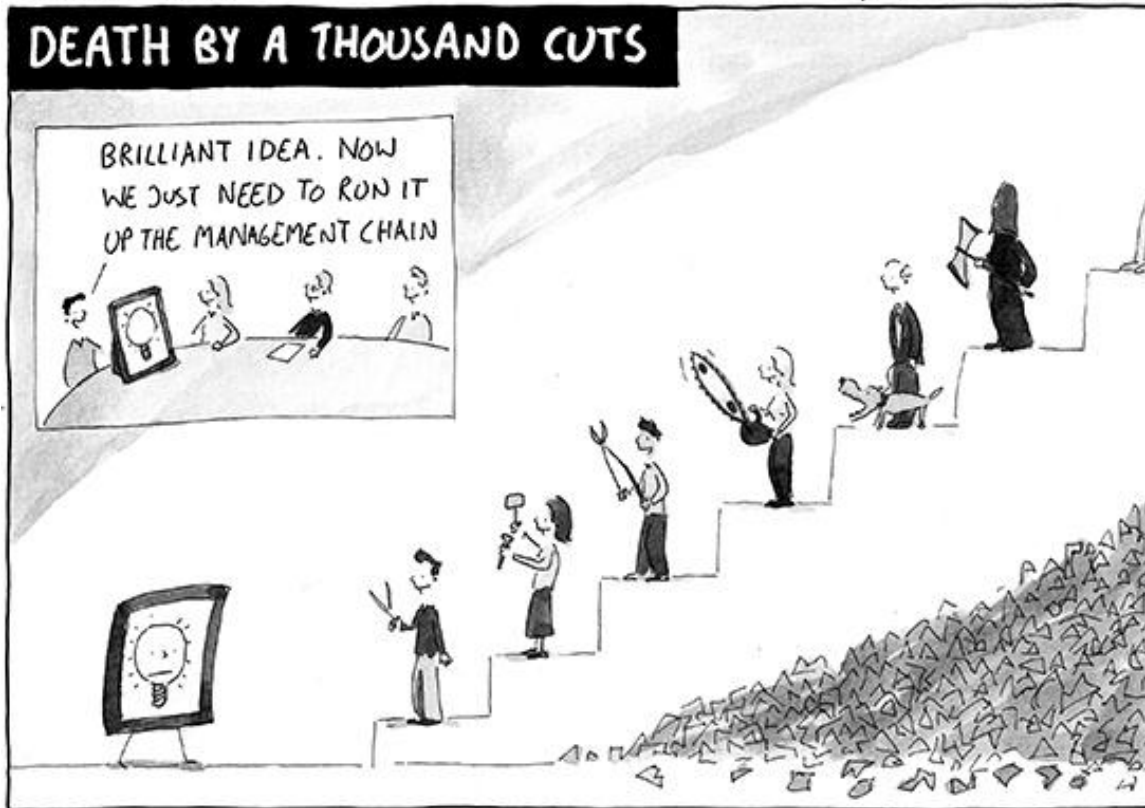
*Would Entrepreneurs  
Agree?*

# Create a safe harbor

BRAND CAMP

by Tom Fishburne

## DEATH BY A THOUSAND CUTS



Provide resources  
that allow teams  
to test and fail

Prevent “infection”  
from the Core

# Summary

- Define (and make choices) on what you want to be
- Understand what are you truly good at
- Protect your innovators!

The only solution to disruption  
is to join it