

Change Community of Practice

Session 6

*October 24<sup>th</sup> 2018*

*Grant Thornton Collaboration Centre*

**Disruption**

**Disruptive  
technology**

**Personal disruption**

**Where does disruption  
fit with change?**

**Introductions**

**Disruptive  
innovation**

# Agenda

**Outside-in  
disruption**

**Getting picky about  
definitions**

**Networking**

**Inside-out disruption**

**Behaviours and  
disruption**

**Fulfilling business today  
while disrupting for  
tomorrow**

**Conclusion**



# Disrupt(ion)

*v.tr.* interrupt the flow or continuity of .....  
bring disorder to...  
separate forcibly, shatter.

*Disrumpere*

*Interrumpir*

*Perturber*



## **Introduce yourself:**

Name, role, personal experience of being disruptive or disrupted

# What are the most important challenges you think the world, organisations and their leaders will face in the next 20 years?

1. Unceasing and accelerating transformation
2. The technological and digital revolution
3. Disintermediation ('Uberisation')
4. Hollowing out of organisations and the growing complexity of the stakeholder world
5. Globalisation
6. Climate change
7. The need to learn and adapt faster

Tomorrow's Leadership and the Necessary Revolution in Today's Leadership Development...

*Prof Peter Hawkins, Henley Business School*

# For (near) future leaders managing change (and disruption).....



...will be like flying a plane while rebuilding it in mid air – while also engaging with all the passengers, on board crew, ground crew and air traffic control.



# Outside In Disruption

## Disruptive innovation – the original definition

*Clayton Christensen, Harvard Business School*

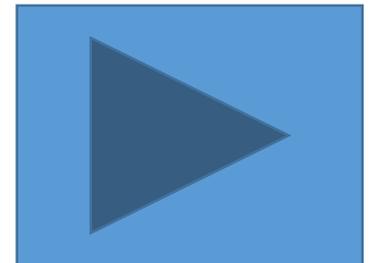
“Disruption” describes a process whereby a **smaller company with fewer resources** is able to successfully challenge established incumbent businesses. Specifically, as incumbents focus on **improving their products** and services for **their most demanding** (and usually most profitable) customers, they **exceed the needs** of some segments and **ignore the needs** of others. **Entrants that prove disruptive** begin by successfully targeting those overlooked segments, **gaining a foothold** by delivering more-suitable functionality—**frequently at a lower price**. **Disruptive innovators gain access to the market in one of two ways:**

### Low end footholds

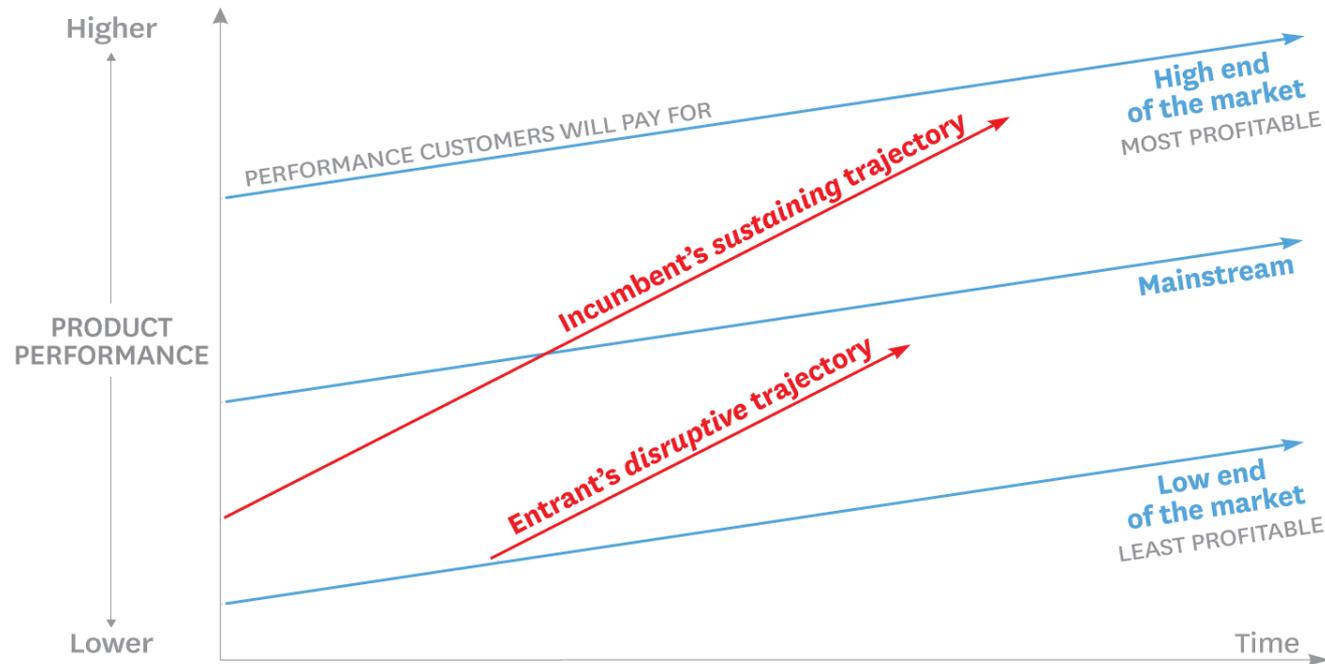
- Left vacant by incumbent
- Low price point
- Incumbent does not see as competition
- Disrupter provides ‘good enough’ product only

### New market footholds

- Create a market where none exists
- Turn non consumers into consumers
- Blind sides incumbents prior to entering their market



# Outside In Disruption

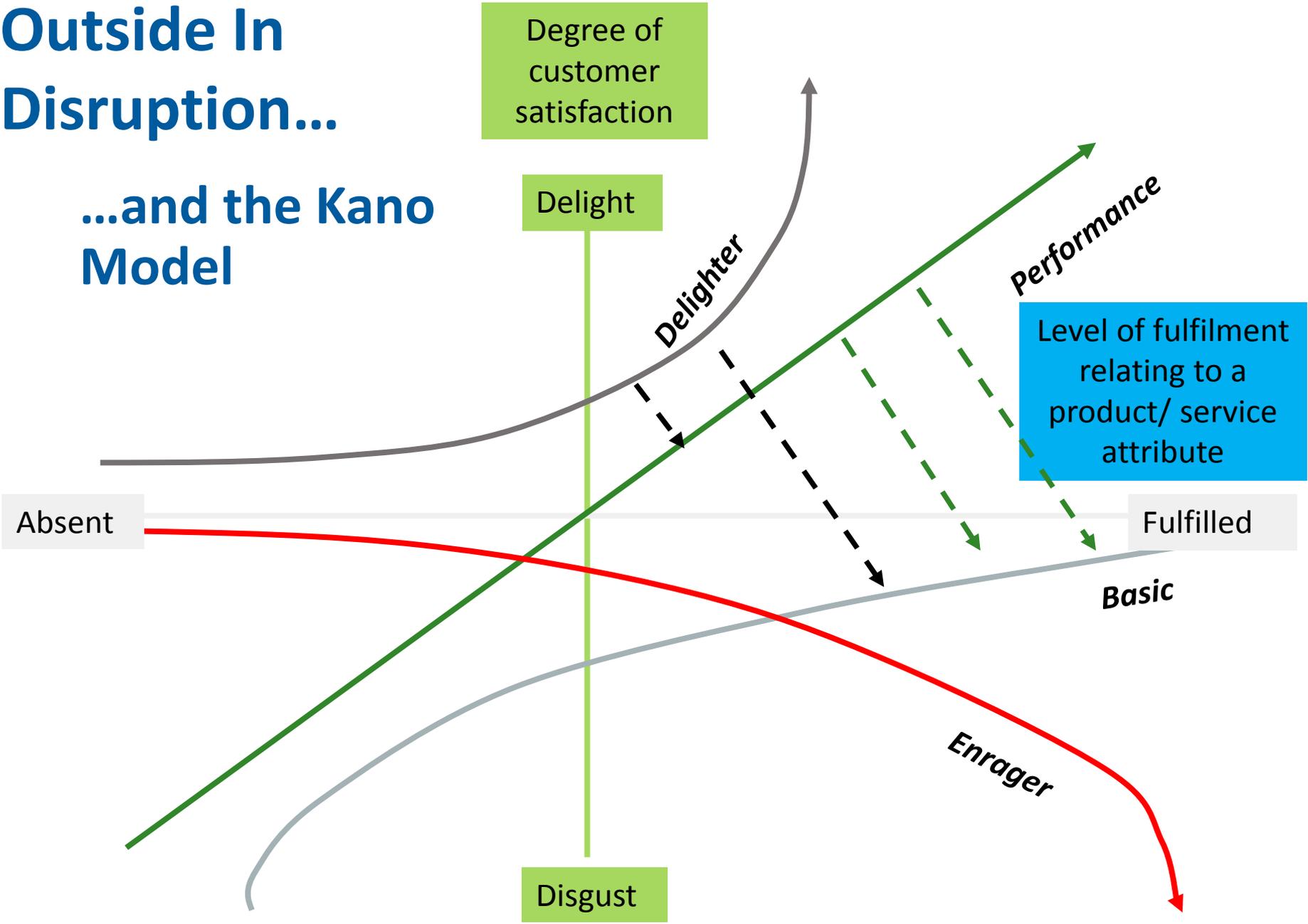


**SOURCE** CLAYTON M. CHRISTENSEN, MICHAEL RAYNOR, AND RORY MCDONALD  
**FROM** "WHAT IS DISRUPTIVE INNOVATION?" DECEMBER 2015

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# Outside In Disruption...

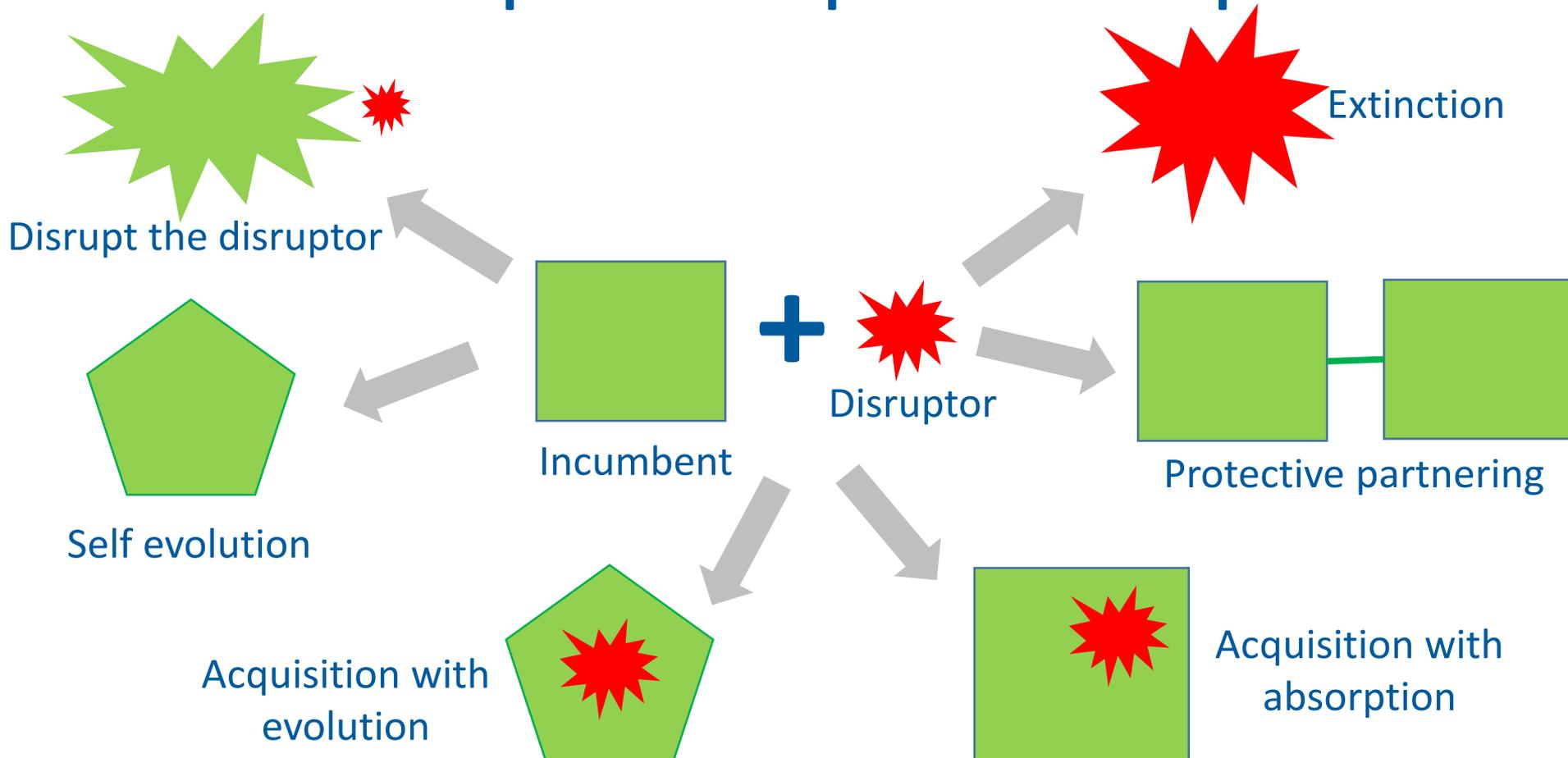
## ...and the Kano Model



# Outside In Disruption...and introducing Inside Out

“a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses”

## An incumbent's possible response to disruption



# Outside In Disruption – The four states of disruption

**VIABILITY**

Current level of disruption  
Incumbent's finances  
Market presence of disruptors

**VOLATILITY**



Susceptibility to future disruption  
Incumbents efficiency, commitment to innovation and defences against attack.

**DURABILITY**

**VULNERABILITY**



# Outside In Disruption – The four states of disruption

**VIABILITY**

Current level of disruption  
Incumbent's finances  
Market presence of disruptors

**VOLATILITY**

*For example:*  
**Industries for whom disruption is the norm**

- Already experienced a shift in paradigm
- Fixed assets have changed from asset to liability

*For example:*  
**Industries currently experiencing disruption**

- Undergoing a culture shift
- Fixed assets have changed from asset to liability

*For example:*  
**Efficient and mature industries**

- Established Brands
- Proprietary technology
- Tried and tested logistics

Susceptibility to future disruption  
Incumbents efficiency, commitment to innovation and defences against attack.

*For example:*  
**Industries protected by red tape**

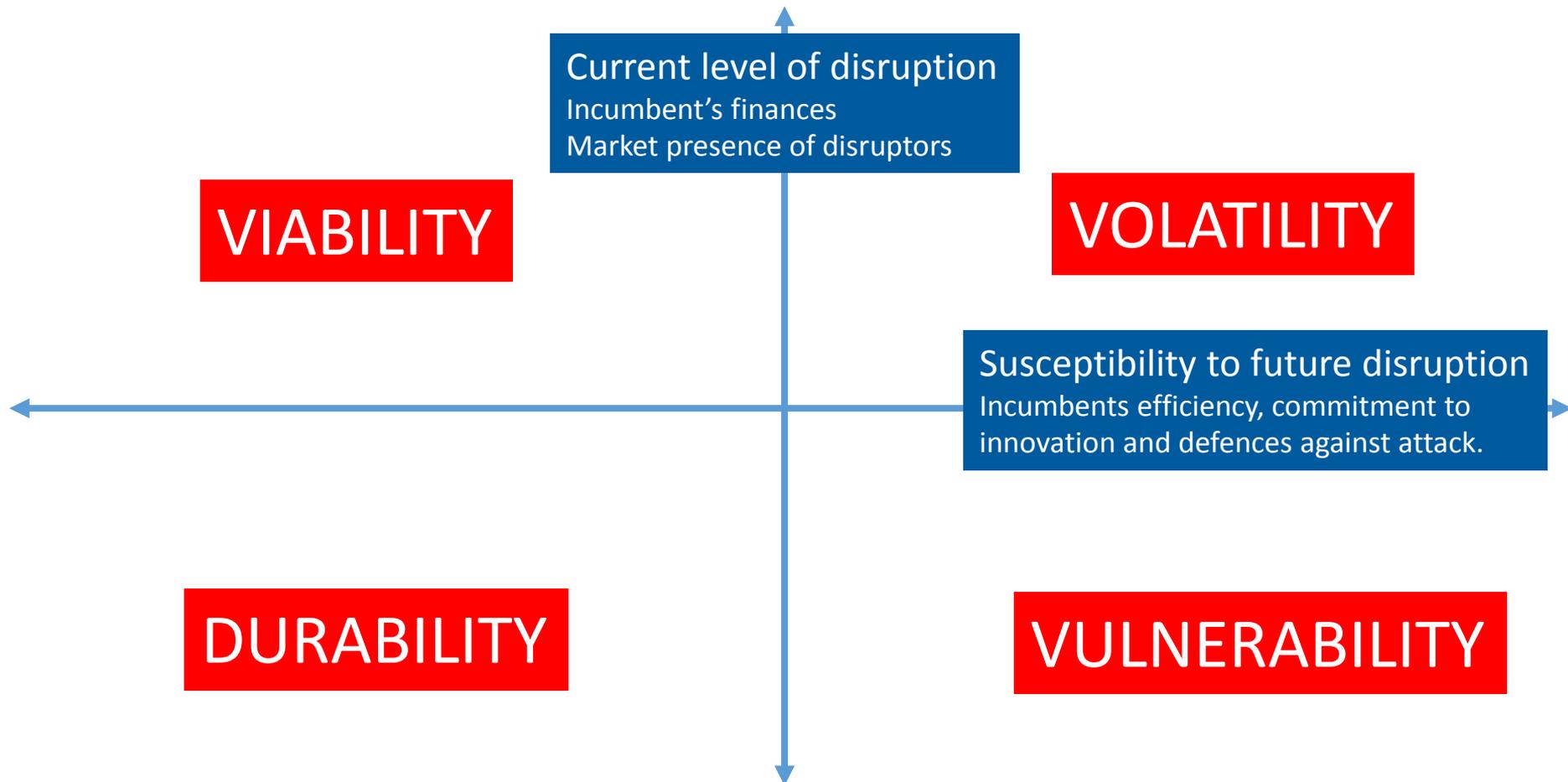
- Complacency relating to regulation
- Limited culture of internal innovation

**DURABILITY**

**VULNERABILITY**

# YOUR GO (20 mins)!

- As a group think about which quadrant various industrial sectors might belong in (or which departments in your organisation). Draw up a matrix on a flipchart and add your items into quadrants using post-its



# An exemplar list of industrial sectors should you need a kick start (not comprehensive in the least!)

Aerospace industry

Agriculture

Chemical industry

Software industry

Construction

Defence

Education

Energy

Entertainment

Financial Services

Food industry

Healthcare

Hospitality

Logistics

Manufacturing

Media

Pharmaceutical

Telecoms

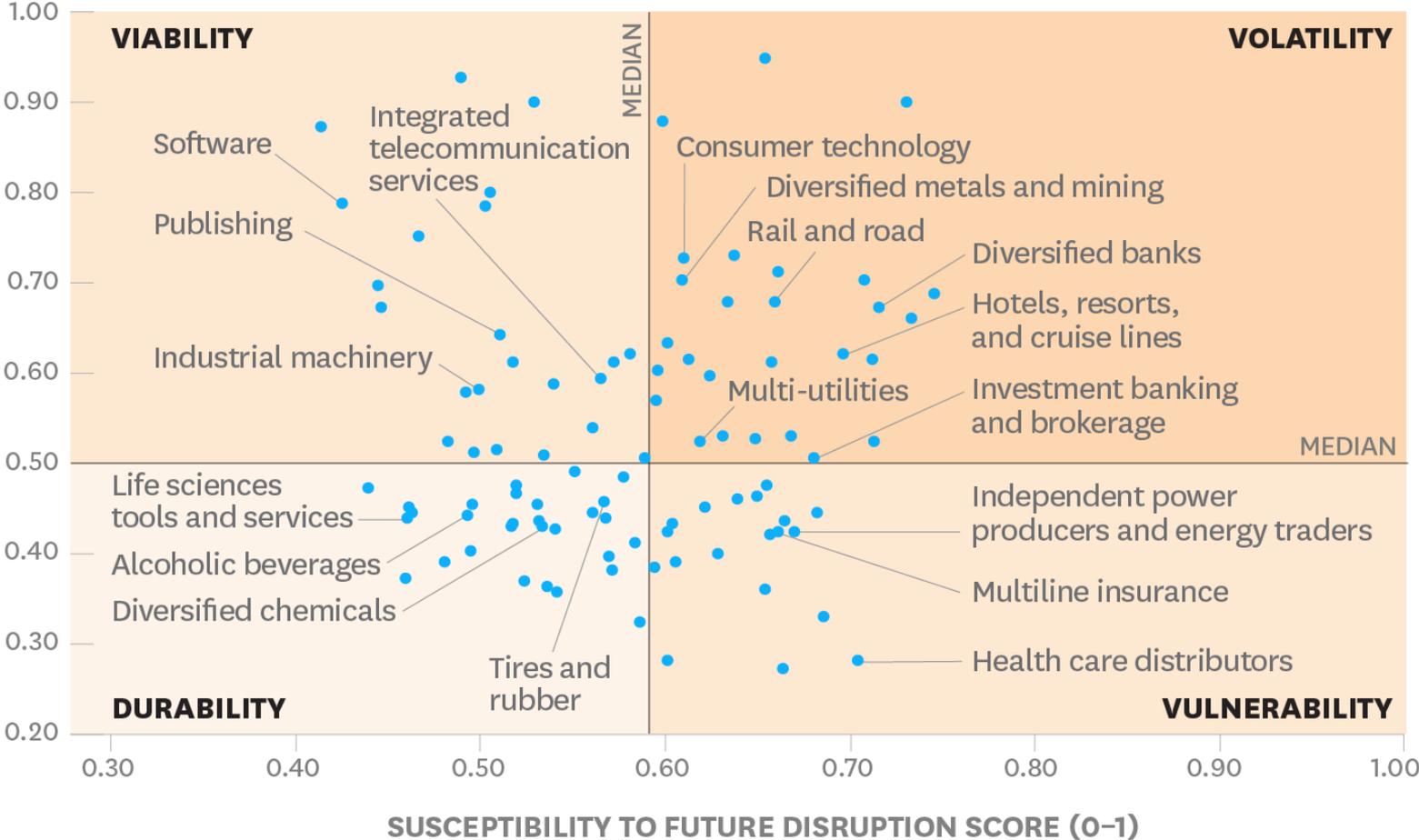
Tourism

Water

# The Four States of Disruption

How susceptible is your industry?

CURRENT LEVEL OF DISRUPTION SCORE (0-1)



SOURCE ACCENTURE RESEARCH'S DISRUPTABILITY INDEX, SEPTEMBER 2017

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# Disruptive technologies – Outside-in & Inside-out

The digital universe is doubling in size every

**2yrs**

Jobs requiring AI skills will increase

**400%**

by 2020

The Internet of Things will

**x2**

From 10 billion to 20 billion devices, by 2020

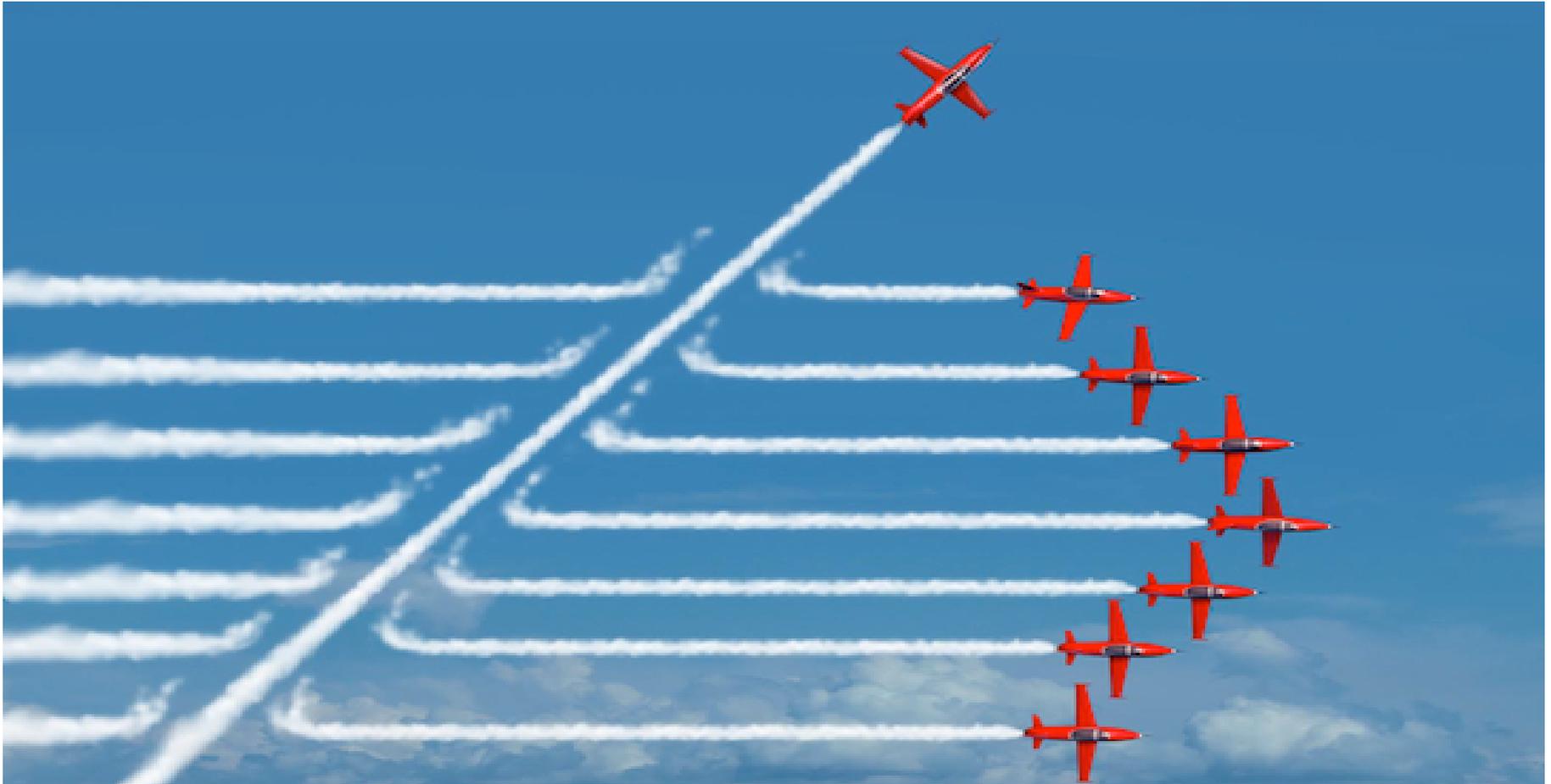
**80%**

of digitally stored data is unstructured

# Inside Out Disruption

'I try and drive this notion in the organisation that unless we're constantly thinking about how we disrupt ourselves someone will come along and disrupt us.'

Brad Jackman, CEO Pepsi



# Inside Out Disruption – how is that going?

‘six in ten executives believe their senior management **see disruption as a threat** rather than an opportunity to seize’

## Biggest drivers for inside out disruption?

- Regulatory changes 29%
- Customer behaviour 26%
- Red tape 22%
- Technology 21%

Disruption is **causing incumbents to converge** through strategic alliances, partnerships, sometimes with their disruptor.

**Proactive not reactive** although now 60% of companies investing in a disruption strategy

Employees in innovative companies actually want to continuously and actively innovate – they need not be forced by their job requirements and obligations. Their passion is nurtured through a **strong, believable and clearly stated organisational purpose** – one that creates greater engagement than purely economic ones can.

# Create an organisation that embraces disruption!

**Purpose:** Create an organisation that can thrive in a disruptive environment. What are its key attributes and why are they important (suggest you limit yourself to 5!)

**Boundary conditions:** You have 20 minutes to do this, the resources available within this room, and you will be reporting your findings back to rest of the group (and you must not trash GT's space!)

**Think about disruption in your way of working, thinking, interacting and finally presenting. Remember though, disruption goes alongside BAU so keep in mind your purpose and the boundary conditions!**

# Inside Out Disruption – two views of what an organisation should do...

1. Start with Why
2. Ensure leaders role model disruptive approaches
3. Give Disruption a face and a seat at the Board by appointing a CDO
4. Seek out and harness disruptors in your organisation
5. Have disruption sessions regularly across the organisation
6. Aim for focussed, quick wins. Remember the world was not disrupted in a day!
7. Overtly disrupt your products and services. Show you are evolving and why.
8. Establish start ups in your organisation – really!

**The Economist Intelligence Unit see the following as key to proactive management of disruption**

**Leadership** –If adapting to disruption involves a strategy for change, a senior executive or leader must own it.

**Culture and purpose** – Start with why and remove barriers to innovation.

**Customers** – Technology is empowering customers to be more disruptive than competitors (think healthcare).

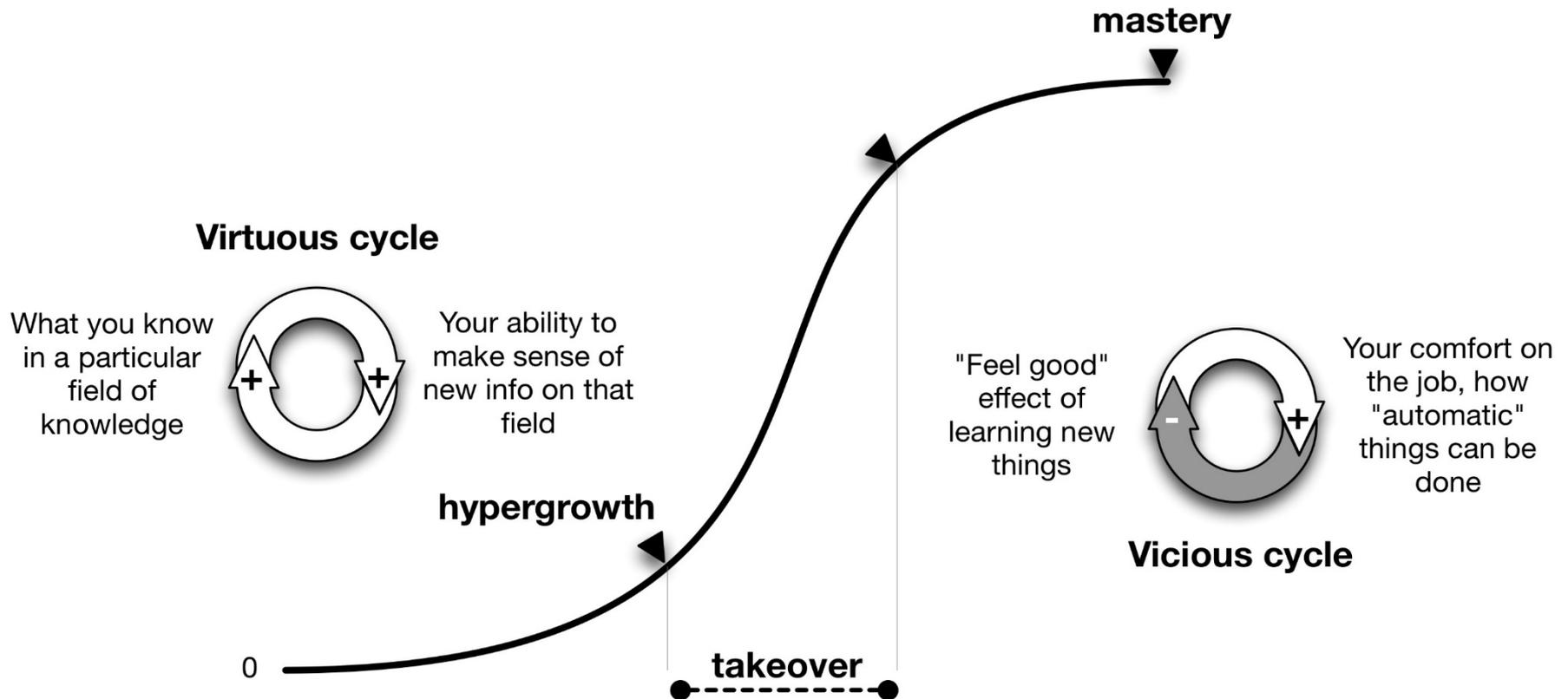
**Trends** – Companies must be able to see through industry noise and identify the technologies that have a real chance of winning favour among customers. There is much more involved in this than guess-work or simply hedging your bets.



# Personal disruption – ‘elective’

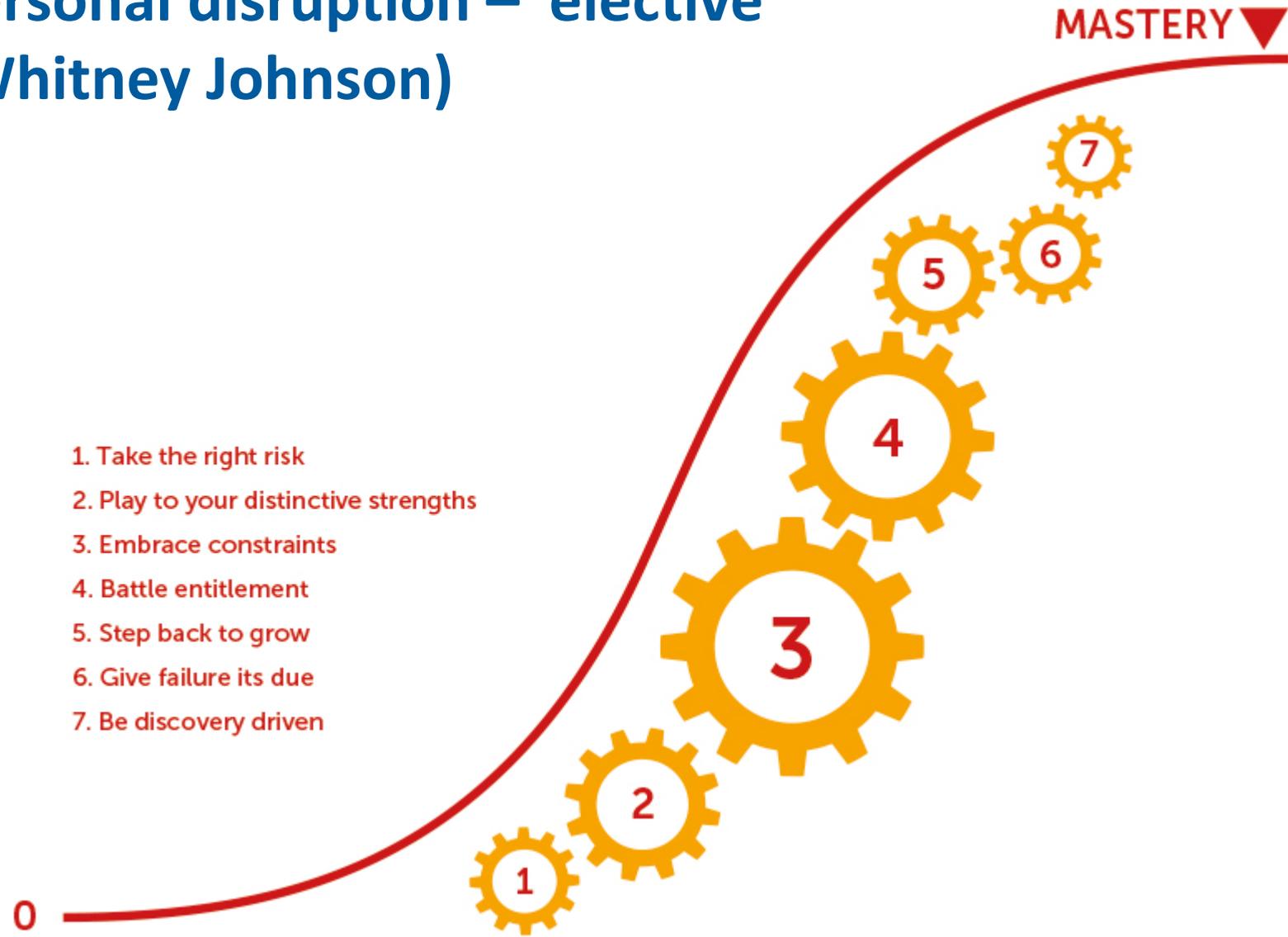
*How disruption has been appropriated for leadership development*

**‘Organisations don’t disrupt, individuals do!’**



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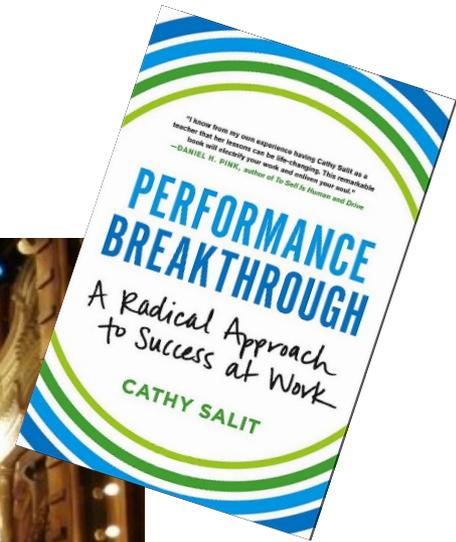
# Personal disruption – ‘elective’ (Whitney Johnson)



# Personal disruption – ‘elective’

## The Becoming Principle

*‘Practicing to be who you are not.....YET’*



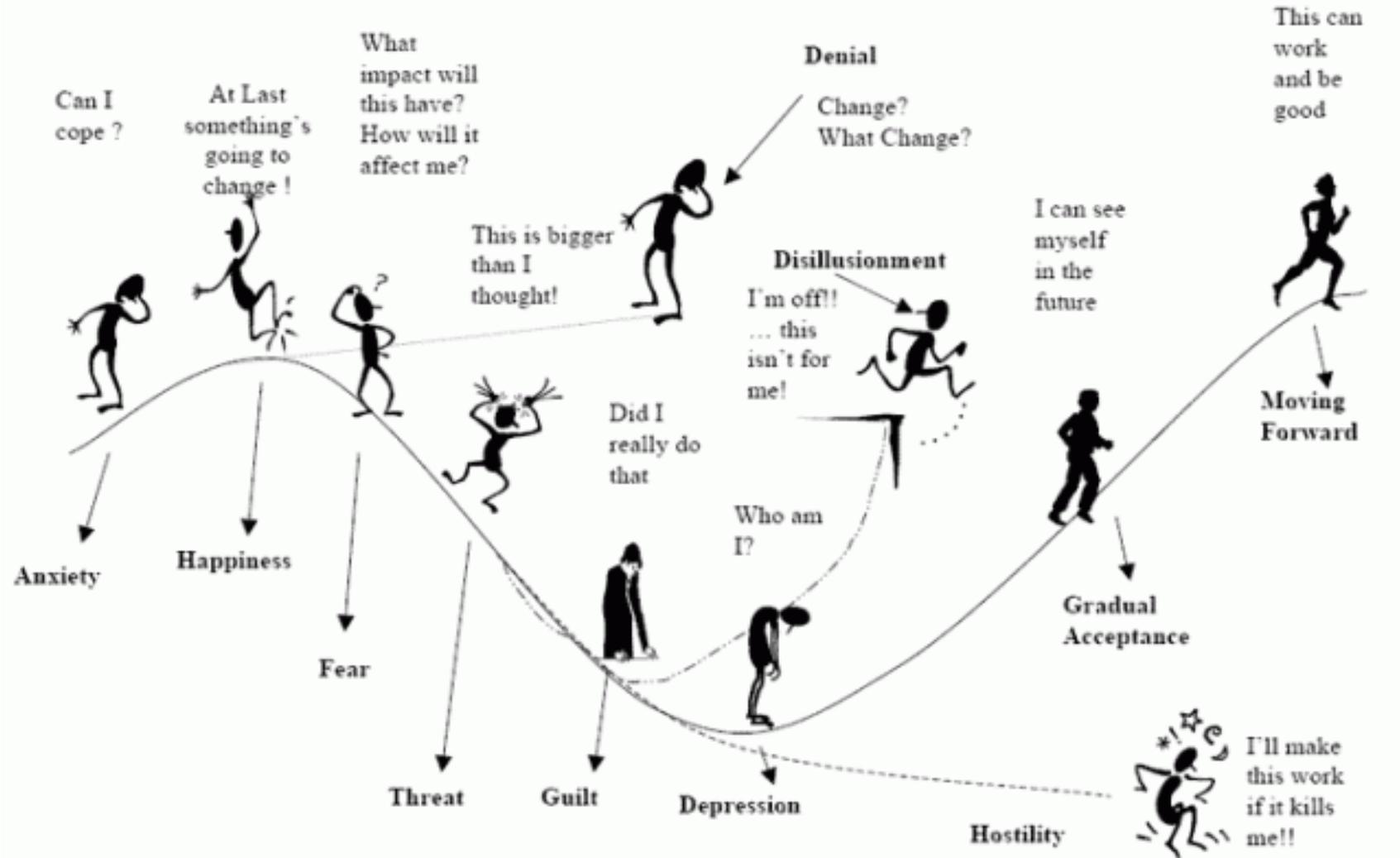
<http://ceoworld.biz/2016/05/05/the-becoming-principle/>

<https://www.psychologynoteshq.com/vygotsky-theory/> and <https://www.simplypsychology.org/vygotsky.html>

# Personal disruption – ‘responsive’

## Fisher Change Curve (based on Kubler-Ross)

*What are the personal challenges to disruption?*

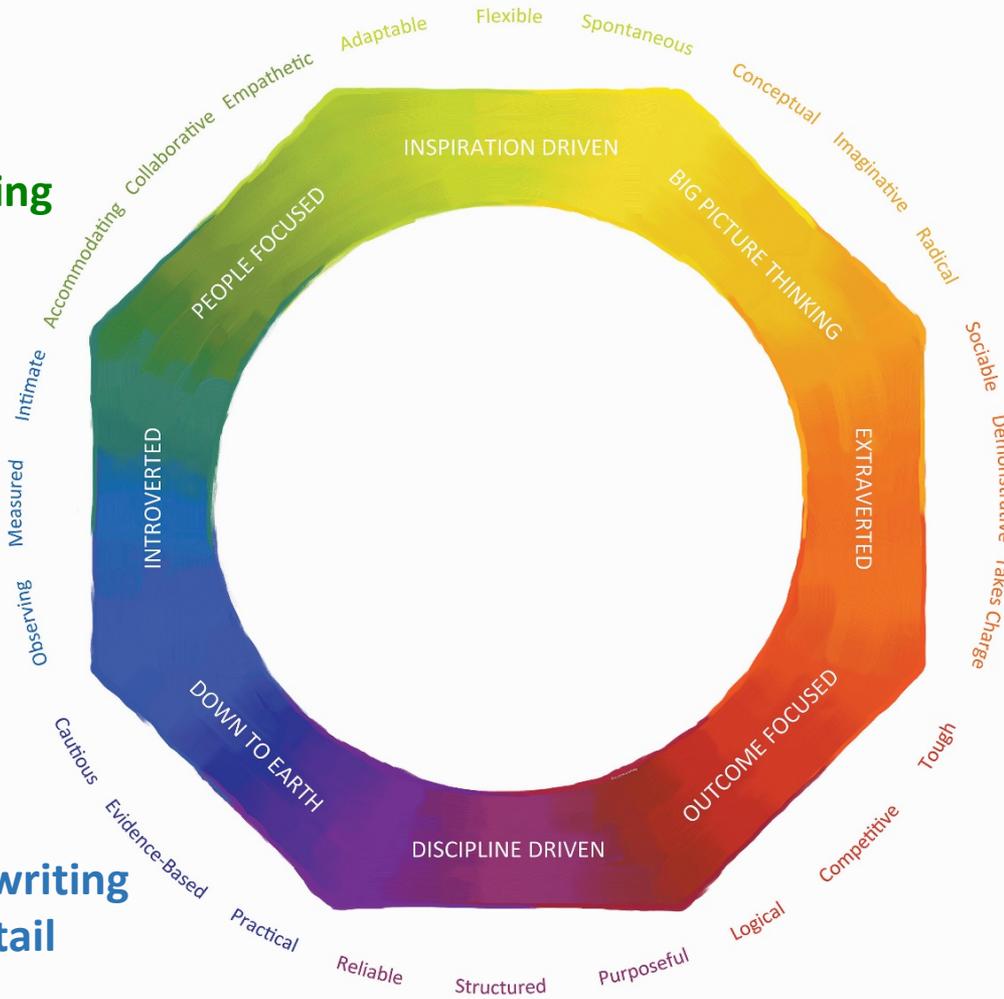


# Personal disruption – ‘responsive’

## Getting everyone on board during disruption

### Empowering

- Collaborative
- Accommodating
- Calming
- Engaging
- Empathetic



### Conscientious

- Measured
- Controlling
- Information in writing
- Attention to detail
- Contained

### Inspiring

- Sociable
- Positive
- Spontaneous
- Imaginative
- Creative

### Commanding

- Direct
- Bold
- Focused
- Competitive
- Takes Charge

Taken from Lumina Spark Portrait

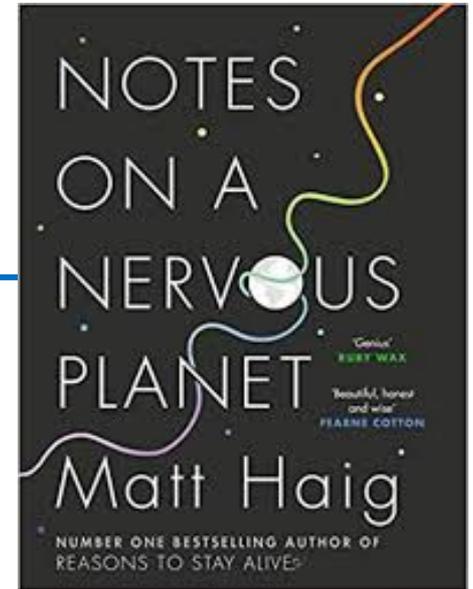
# Personal disruption

## *A personal 'note to self' from Matt Haig*



### Note to self

KEEP CALM. KEEP going. Keep human. Keep pushing. Keep yearning. Keep perfecting. Keep looking out the window. Keep focus. Keep free. Keep ignoring the trolls. Keep ignoring pop-up ads and pop-up thoughts. Keep risking ridicule. Keep curious. Keep hold of the truth. Keep loving. Keep allowing yourself the human privilege of mistakes. Keep a space that is you and put a fence around it. Keep reading. Keep writing. Keep your phone at arm's length. Keep your head when all about you are losing theirs. Keep breathing. Keep inhaling life itself.



# Personal disruption

## The future of jobs (World Economic Forum)

‘The Fourth Industrial Revolution, which includes developments in previously disjointed fields such as artificial intelligence and machine-learning, robotics, nanotechnology, 3-D printing, and genetics and biotechnology, will cause widespread disruption not only to business models but also to labour markets over the next five years, with enormous change predicted in the skill sets needed to thrive in the new landscape. This is the finding of a new report, *The Future of Jobs*, published today by the World Economic Forum’.

### in 2020

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1. Complex Problem Solving
2. Critical Thinking
3. Creativity
4. People Management
5. Coordinating with Others
6. Emotional Intelligence
7. Judgment and Decision Making
8. Service Orientation
9. Negotiation
10. Cognitive Flexibility

### in 2015

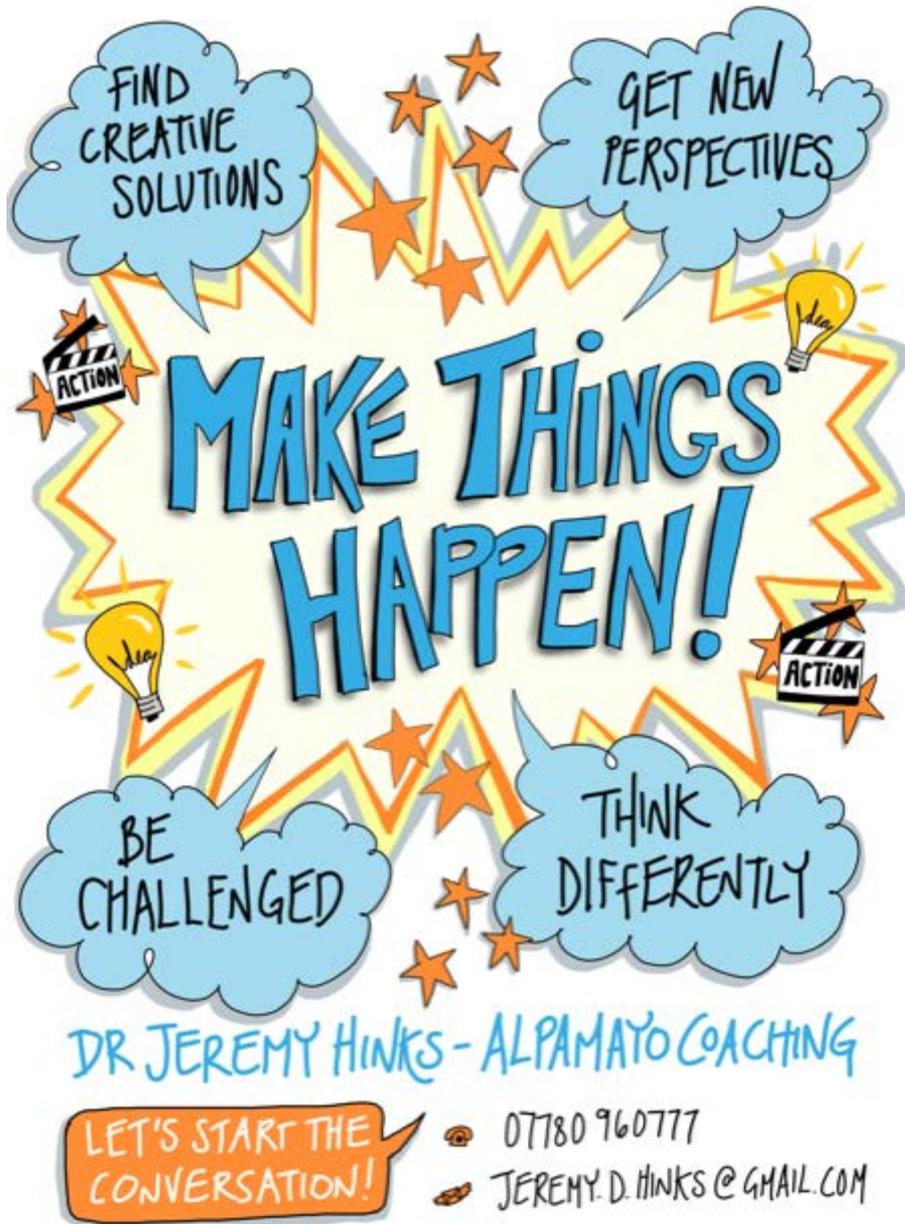
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1. Complex Problem Solving
2. Coordinating with Others
3. People Management
4. Critical Thinking
5. Negotiation
6. Quality Control
7. Service Orientation
8. Judgment and Decision Making
9. Active Listening
10. Creativity

**I recommend that you look at a recent white paper on Developing the Future Today that captures the views of 50 organisations on workplace challenges of the future. See <https://lnkd.in/e9PZnkU> (produced by Know You More)**

<https://www.weforum.org/reports/the-future-of-jobs>

<https://www.weforum.org/agenda/2016/01/the-10-skills-you-need-to-thrive-in-the-fourth-industrial-revolution/>



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# Some further reading....

## Disruptive innovation (Christensen model)

<https://hbr.org/1995/01/disruptive-technologies-catching-the-wave>

<https://hbr.org/2015/12/what-is-disruptive-innovation>

## Disruption: Outside-In & Inside-Out

[https://www.ey.com/en\\_gl/digital/how-are-organisations-thriving-through-disruption](https://www.ey.com/en_gl/digital/how-are-organisations-thriving-through-disruption)

<https://hbr.org/2018/01/how-likely-is-your-industry-to-be-disrupted-this-2x2-matrix-will-tell-you?>

<http://perspectives.eiu.com/strategy-leadership/rethinking-professional-services-age-disruption>

[https://www.ey.com/en\\_gl/digital/how-are-organisations-thriving-through-disruption](https://www.ey.com/en_gl/digital/how-are-organisations-thriving-through-disruption)

<https://www.bbc.co.uk/programmes/m0000m7b> Yuval Noah Harari on Start the Week R4, Oct 1 2018

[Deloitte 2018 survey on CEO view of risk management \(including disruption\)](#)

## Personal Disruption

<https://hbr.org/2012/07/disrupt-yourself-3> and <https://www.youtube.com/watch?v=UdtM4mCJgrk>

<https://www.simplypsychology.org/vygotsky.html>

<http://ceoworld.biz/2016/05/05/the-becoming-principle/>

## The future of work (from a plethora of references available)

<https://www.weforum.org/reports/the-future-of-jobs>

<https://www.weforum.org/agenda/2016/01/the-10-skills-you-need-to-thrive-in-the-fourth-industrial-revolution/>

<https://www.nesta.org.uk/report/the-future-of-skills-employment-in-2030/>

<https://www.youtube.com/watch?v=yLHNnuhfERM> (Scottish Centre for Workplace Learning)