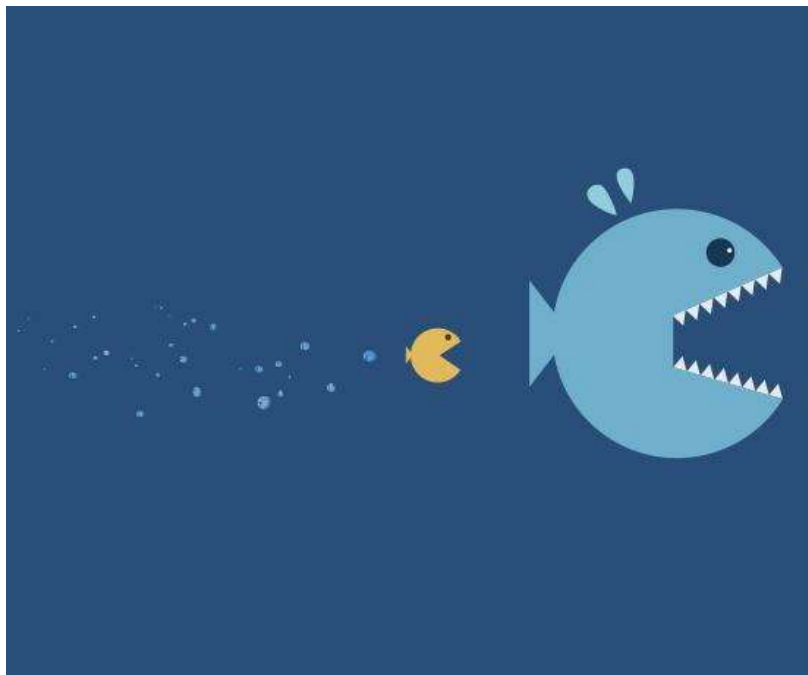


Are you a Disruptor?



"In the new world,
it is not the big
fish which eats the
small fish, it's the
fast fish which
eats the **slow fish**"

Klaus Schwab
Founder and Executive Chairman
World Economic Forum

Be a disruptor and not be disrupted

Disruptive innovators are constantly creating new values and additional improvements after the repeated iterations of its product or service. So, how has your company been affected by disruptive innovation? According to business thought leaders, executives must be aware of disruptive innovation so as to anticipate innovations that could become competitors. Companies need to react to disruption, but they should not overreact, say Christensen, Raynor and McDonald, for example, by dismantling a still-profitable business.

The disruptive forces of innovation have changed the business landscape when the incumbent's mainstream customers start taking up the start-up's products or services in volume. Disruptive companies are exploiting technologies to deliver new or existing products in new and different ways. For example, Netflix and Blockbusters. Google is developing self-driving cars, Amazon is experimenting with drones to deliver shopping, and what if drugs can be printed from the internet? In the Middle East, North Africa and Turkey (MENAT)

regions, three disruptive forces of innovation namely, the industrial internet, advanced manufacturing and the global brain will change how industries collaborate and connect with the world. According to GE, this creative disruption is called “The future of work” and the challenge now is for government, academia, businesses and individual to recognise, be prepared and leveraged on this new world of work to ensure a better and sustainable growth.

Naturally if you are an established company, you will increase your competitiveness through innovation by listening to your customers and invest in innovations to target these high margined and well-known customers. You will not be interested to spend time and resources to seek low-end and poor defined market. However, it is imperative to be aware of the low-end and new market entrants especially when they are reoccurring. You should continue to build strong relationship with your core customers and invest in innovations. In addition, you may also start a division solely focused on the growth opportunities that arise from the disruptions with a different business model and growth. This is a strategy you can take to fight back, to beat the new market entrants by offering better quality products and services at comparable price. If you were to start a new project to respond to this disruption, there are 3 things you need to do according to the research by Clayton M. Christensen, Michael E. and Raynor Rory McDonald in Harvard Business Review.

1. Treat the project separately

Treat the project as a separate business unit. Build a new business model with different growth expectation. The research showed that the success of this new company depends largely on keeping the project separate from the core business. In a short term, you may need to manage two very different operations until the disruptive business grows, and it enters into the mainstream business and take away customers from the core.

2. Segment customer by jobs

Ask what jobs does the customer need to get done? It could be a procurement process, quality control, delivery of service, ordering a job and etc. Segment the customers by jobs not by products, market size or demographic. This will identify the disruptive process which evolved through time and not a product or service at one fixed point.

3. Develop low cost solution

Develop a low-cost way to get the job done. It could be cheap, do-it-yourself alternative for the customer as compared to traditional more sophisticated solutions.

So, what should you do next?

By now, you should know a scalable business is better than one that is not. Building a scalable product works best when it is iterative. You need to deliberately scale your product one step at a time in response to the highest pain point of your customers. This not only allows you to be focused and optimise your resources, but it is an efficient use of your time and meeting your customers' most important priority. Treat your business as a 'Hypothesis' or 'Experiment' and develop a Minimum Viable Product (MVP) to solve your customer problems one at a time.

New ventures and established businesses are searching for a business model, not executing one – this is the crucial distinction that lean start-up makes. This is what I mentioned earlier to treat your business as a "Hypothesis". In order to search for a business model, you have to experiment over and over again until you find one model that works.

Design thinking became popular partly through Tim Brown from IDEO's work with Steve Jobs to develop innovative APPLE products. Then the concept extends to start-ups and new ventures within existing businesses. Now, it has formalized into a framework in 2010 by Hasso Plattner from the Institute of Design at Stanford. The current state of design thinking is to go out there and test something QUICKLY! The focus is on UX (User Experience) and you can use the Lean Start-Up as a Design Thinking tool.

"Design thinking is a human-centered approach to innovation that draws from the designer's toolkit to integrate the needs of people, the possibilities of technology and the requirements for business success."

– Tim Brown, President and CEO of IDEO

Let's see how it works in "Lean Scalable Business"

The principle of Lean Start-Up is to sketch out the hypotheses in a one-page document called "The Business Model Canvas". This document contains nine (9) key blocks of a new venture, namely Key Partners, Key Activities, Key Resources, Value Proposition, Customer Relationship, Channels, Customer Segments, Cost Structure and Revenue Stream.

The second principle is called "Customer Development". You have to go to your customer, suppliers and partners to listen to their feedbacks and learn about your product including the features, benefits, pricing and strategy. Then you quickly build a Minimum Viable Product to test on real customers. The product is the basic

version with minimum features. With the customer's validation, you can pivot it and test the model again until you find the right model.

The third principle of Lean Start-Up model is "Agile Product Development". You have many short-repeated cycles of development instead of the traditional long process. You tested the MVP and gather customers' feedback on the new venture and re-work it. The cycle repeats until you discover the real customer pain point and rework your model to solve it.

Finally, is the "Lean Execution" when your product is ready. The process is also iteration until you find the right strategy in customer creation and company building. Instead of the tradition functional set-up, a Lean Start-Ups will have agile teams which have team members with the ability to learn and move fast. Measurements are different and there are terms of customer acquisition cost, customer value and retention rate rather than income, revenue and assets.

You use the Lean approach as a tool-kit to help you find the right business model. The focus is on experimentation, gather customer feedback and design iterations. The mindset is to "Fail Fast and Learn Fast", in order to innovate quickly in response to the disruption forces today.

Are you ready to get started with designing and scaling your business? If you want to scale your business in a more methodical and sustainable way, then breakthrough and disruptive innovation is justified!

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