What to Do Against Disruptive Business Models (When and How to Play Two Games at Once)

CM Christensen, ME Raynor & R McDonald
Harvard Business Review, December 2015

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Objectives

- Overview: What Is Disruptive Innovation?
- The Importance Of The Theory
- Uber
- A Reevaluation
- CNBC Top 50 Disruptors 2016
- Conclusions

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Overview: What Is Disruptive Innovation?

My startup is so disruptive, we disruptively disrupt other disruptors.

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Overview: What Is Disruptive Innovation?

“Disruption” describes a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses (Christensen, 1995)
Overview: What Is Disruptive Innovation?

- New market/Low-end market
- Target customers who have been overlooked with fewer resources
- Lack of response from established companies
- Entrants move up market, meeting mainstream requirements
- Only when the mainstream customer moves is it actually disruption

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Overview: What Is Disruptive Innovation?

**Sustaining Innovation:**
Makes the existing product or service better for existing customers e.g. adding a 5th blade to an established razor.

**Disruptive Innovation:**
Initially considered inferior and customers typically wait until the product or service reaches their standard before switching e.g. mobile internet.
The Importance Of The Theory

Recognising whether a competitor is on a disruptive trajectory or will determine the response of an organisation.

- Disruption is a process
- Disruptors often have a different business model
- Not all succeed
- "Disrupt or be disrupted" - not necessarily true

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Uber

- Sustaining innovation (didn't target lower end market)
- Financial and strategic achievement doesn't qualify as genuinely disruptive
- The only aspect which is truly disruptive is UberSelect