

Digital disruption: a discussion guide for incumbents

The disruption is...

Detectable

Faint signals with lots of noise

Clear

Emergence of a validated business model

Inevitable

Critical mass of adoption achieved

New normal

At scale and mature



- What drives the economics of my business model, and could current technologies challenge it?
- Are there new business models that can better match the needs of at least some of my customers?
- Can I be a winner in the new business models? What would that take?

- Can I do anything to halt or delay the disruption?
- What is the baseline trajectory of my business if I stay on the current path?
- How important is pre-emptive action? Do I really have time to wait?
- What options and capabilities should I build now? How close should they be to the core business?
- How can I rally support within the organization?

- Do any of my new ventures give me a base from which to compete in the new model? Can I get one?
- Do I understand the radical changes required to create a new economic engine?
- What do I do with the old core: Keep running it for cash, radically transform it, downsize or exit?
- How can I make the case for aggressively shifting resources?

- What is a realistic aspiration in the new industry context?
- Is my business capable of continual self-disruption?
- Is an exit the best option?



Acuity

- Gather sharp and privileged insight to work through the noise
- Challenge your own story
- View your business through a potential disrupter's lens

Action

- Develop a pipeline of new initiatives with stage-gated investment approach, to create options and build capabilities
- Expose the core business to competition with the new ventures
- If needed, begin transformation of the core business

Acceleration

- Shift resources (including management focus) from core business to double down on new ventures
- Build a coalition of believers to change mindsets across the organization

Adaptation

- Develop talent and capabilities required to compete in the new model
- Structurally realign the cost base to match the new profit pools
- Evaluate 'best owner' scenarios



Myopia

- Overconfidence
- Willful ignorance (i.e., not looking for or wanting to see disruptive trends)
- Entrenchment in orthodoxy

Pain avoidance

- Reluctance to endure pain of upfront cost
- Unwillingness to cannibalize the core business
- Putting short-term results ahead of long-term value

Inertia

- Old centers of power lock in increasingly scarce resources
- Legacy cost base becomes an anchor
- New initiatives get lip service but little actual commitment

Fit

- Lack of people or capabilities to compete in the new world
- Likelihood that you're too late to the game
- Unwillingness to make tough ownership decisions
- Possibility that the industry is no longer profitable