Philosophy of the Disruptive Innovation

Abstract

Philosophy of innovation is investigated in various aspects from different perspectives. Among them, responsible innovation, sustainable innovation and disruptive innovation. These several aspects of innovation are changing the way of our thinking about innovation-driven growth in business. This paper looks in to the disruptive innovation to show, what is the philosophy behind that market actors apply disruptive approaches to be successful.

1. Disruptive Innovation

The idea of disruptive innovation has been popularised by Clayton Christensen in the books “The Innovators Dilemma” in 1997 and “The Innovator’s Solution” in 2003. According to this idea, the businesses deal with two type of technology paths: The first type is the path of sustainable technologies where a business improves incrementally its offerings over a predictable timeframe. Following this path allows companies to remain competitive and maintain their position in the market. The second type is following the path of disruptive technologies where companies try to use the potential of new technologies by taking (significant) risks. Examples for disruptive technologies are smartphones, LCD displays, digital photography, Internet etc.

Disruptive innovation describes a technology which alters the way of doing business and impacts on the markets and business structures. A prominent example is the usage of internet doing business, companies which applied this new technology in their business models succeeded (Amazon), whereas some companies was not able to adopt the digital failed or disappeared from the market (Kodak). The term disruptive technology focuses on the technology itself and disruptive innovation focuses on the usage of this technology.

Disruption describes a process whereby a smaller company with fewer resources is able to successfully challenge established businesses. We can see this when incumbent companies focus on improvement of their products and services for most profitable customers in their core businesses and ignore/neglect the needs of other customer segments. Newcomers who prove disruptive start to penetrating those ignored/neglected segments by more tailored offers at lower prices. Incumbent companies don’t or can’t respond energetically. Once newcomers have gained foothold in those segment, they attack the upmarket, incumbent companies’ focus customer segments with the same tailored solutions. If mainstream customers start adapting newcomer’s offering in large volume, then the disruption has occurred.

- According to the theory, the first characteristic is that disruptive innovations initiate in low-end or new-market bases which market dominators ignore/neglect. As established market players keep major market segments in focus and pay less attention on other little segments whose requirements…
- Disruptive innovations don’t catch on with mainstream customers until quality catches up to their standards. Disruption theory differentiates disruptive innovations from

sustaining innovations.

- Disruption is an evolution process of a product or service over time. Because disruption can take time, incumbent companies overlook often disrupters.
- Disrupters build often business models which are very different from those of incumbents.
- Not all disruptive innovations succeed.

To be worked out… Details will follow in the full paper.

2. Examples of disruptions /disruptors and disruptive technologies

To be worked out… Details will follow in the full paper.

3. Disruption of the Industries

To be worked out… Details will follow in the full paper.

4. Sources of disruptive innovation

To be worked out… Details will follow in the full paper.

5. Politics of an innovation

To be worked out… Details will follow in the full paper.

6. Value of the disruptive innovation

The idea of the disruptive theory should belong in the curriculum of each organisational leader who wants to understand and use the power of innovation.

The idea of disruptive innovation has changed the way of thinking about innovation driven growth in business.

Disruption theory can guide strategic choices for decision makers when a new technology arises. Leaders can make a choice for following sustaining or disruptive path. Smart disrupters improve their offerings and drive upmarket.

The theory of disruptive innovation makes the (fledging) business measurable and more accurate in predictions.

To be worked out… Details will follow in the full paper.

7. Summary and Conclusion

To be worked out… Details will follow in the full paper.

References

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