

Disruptive, together

How to unleash the entrepreneurial energy within

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The Challenge

Disruption (noun): disturbance or problem that interrupts an event, activity, or process.

Few words have more reverence in business parlance than “disruption.” Silicon Valley proclaims disruption is everywhere. Companies in all industries claim they will either disrupt or be disrupted. 41 percent of executives say their company is extremely or very at risk of disruption.¹

They are right to be worried. Between 1964 and 2016, the average life span of an S&P 500 company shrank from 33 to 24 years. By 2027, it is forecasted to be just 12 years. At this rate, half the companies in the index will be replaced over the next 10 years.²

Yet for all the proclamations about needing to be disruptive, companies don't prioritize it. Organizations typically invest 78 percent of their innovation portfolios in core innovation³ (ideas that yield incremental benefits), not disruptive innovation (ideas that yield transformative changes). We see this happen for three major reasons.

- Organizations lack experience with disruptive innovation and the inherent risk it brings.

- Organizations wall off innovation teams to limit that risk, inadvertently also limiting the upside.
- Organizations use existing innovation processes, which reduce disruptive concepts back to core innovation.

Point B's Perspective

What is the driving force behind successfully pursuing disruptive innovation? The ability to discover and unleash the entrepreneurial energy within your organization. To do this, we recommend leaders first ask their teams three foundational questions:

1. Who are the right leaders to drive disruptive innovation?

During a recent engagement, our client, a global health product company, pondered why its team struggled to maintain a disruptive scope in its work. Big, transformative ideas were brought forth, but over time they retrenched to smaller, incremental offerings. As we dove deeper, it became apparent that while the team was tasked with developing disruptive ideas, it did not have the experience, mindset, or motivation to foster them. They were not set up to succeed.

Finding leaders with the desire and aptitude to do disruptive work is critical to the success of disruptive innovation. Experience leading disruptive innovation can certainly be built up over time. However there are likely people in your organization doing disruptive work already; they may just need to be recognized for it. One approach is to train managers to keep an eye out for the challengers on their team – those who consistently push the status quo, and often ask uncomfortable questions. Another is to create an internal initiative or challenge designed to uncover and encourage passionate, motivated leaders who have the skills and abilities to drive disruptive work.

Of course these entrepreneurs can't do it alone. They need training to build support, garner resources, and understand how to bring new, disruptive ideas to life. Organizations must learn how to both encourage entrepreneurs and help them successfully navigate their organization.

2. How do we leverage a variety of innovation methods to champion disruptive ideas?

Disruptive innovation involves understanding how macro forces (e.g., customer demographics, regulatory changes, new technologies) are shaping the landscape. These are often exponential changes disguised as linear changes, and are therefore not obvious as they unfold. Companies have a tendency to focus solely on a single innovation method (e.g., design thinking, innovation challenges, etc.) to solve all their needs.

However one method does not fit all. Every possible innovation method should be on the table. This includes ethnography, lead-user methods, community-based innovation, open innovation, co-creation – the list goes on. The more tools you have at your disposal, the more effective you'll be.

To be successful in using multiple methods, leaders need to provide support for trying new things, as well as the time and space to learn how to work in new ways. Role modeling from leaders and dedicated time to learn are key enablers for enhancing and fostering innovation expertise in your company.

3. How do we embody a problem-solving orientation, rather than a win-lose one?

Engaging in disruptive innovation often requires business leaders to step out of their comfort zone. Leaders are often asked to make big, impactful decisions, with limited information. With such high stakes to the core business, leadership decisions can often have a “win-lose” quality. For example, while one innovative idea may receive leadership support, it may result in another being relegated to the back burner.

This win-lose mentality can also prevent team and organizational learning. It can inhibit the psychological safety (the feeling of support and protection) that individuals and teams need to take risks, especially if it is perceived as arbitrary idea-picking. Instead, leaders should encourage a problem-solving mentality that lets ideas prove their own value. This requires leaders to shift from advocating for their own ideas, to staying open to the full range of possibilities. When the scope of possibilities is opened, leaders are pleasantly surprised at the outcomes.

The Bottom Line

Unleashing entrepreneurial energy requires learning about and executing in three areas: finding the right people, using the right methods, and providing the right leadership. In concert, these actions can create a self-fueling, learning engine that drives innovation for the organization. And that is your best defense against the threat of obsolescence.

¹ <https://www.slideshare.net/CBInsights/the-state-of-innovation-survey-of-677-corporate-strategy-executives>

² <https://www.innosight.com/insight/creative-destruction/>

³ <https://www.slideshare.net/CBInsights/the-state-of-innovation-survey-of-677-corporate-strategy-executives>