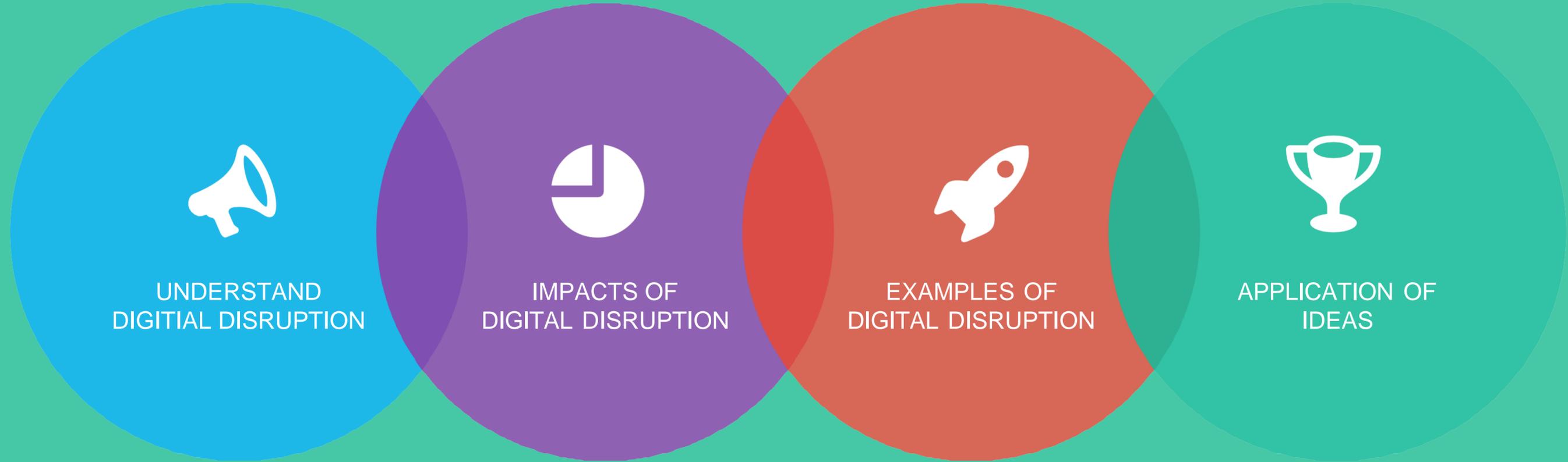




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ADAM RYAN





think...

how to apply these ideas and frameworks in your role as a procurement leader.



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Understand the landscape



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“ It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change. ”

- CHARLES DARWIN



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Disruption and Innovation



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innovation
 /ɪnəˈveɪʃ(ə)n/

noun

1. the action or process of innovating.
 "innovation is crucial to the continuing success of any organization"
synonyms: [change](#), [alteration](#), [revolution](#), [upheaval](#), [transformation](#), [metamorphosis](#), reorganization, restructuring, rearrangement, recasting, remodelling, [renovation](#), restyling, [variation](#); [More](#)

[innovation - definition of innovation by the Free Online Dictionary ...](#)
www.thefreedictionary.com/innovation

in·no·va·tion (n -v sh n). n. 1. The act of introducing something new. 2. Something newly introduced. in·no·va·tion·al adj. **innovation** [ɪnəˈveɪʃən]. n.
[Innovational](#) - [Innovationist](#) - [Innovation Access Program](#) - [Innovation Advisory Board](#)

[Innovation - Wikipedia, the free encyclopedia](#)
en.wikipedia.org/wiki/Innovation

The term **innovation** can be **defined** as something original and, as consequence, new that "breaks in to" the market or into society. One usually associates to new ...
[Innovation \(disambiguation\)](#) - [Category:Innovation](#) - [Open innovation](#) - [Linear model](#)

[What is innovation? definition and meaning - BusinessDictionary.com](#)
www.businessdictionary.com/definition/innovation.html





Innovation is the **act** of
creating something **new**.



— The American Heritage® Dictionary of the
English Language, Fourth Edition copyright
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disruption
 /dɪsˈrʌpʃn/

noun

- disturbance or problems which interrupt an event, activity, or process.
 "the scheme was planned to minimize disruption"
synonyms: disturbance, disordering, disarrangement, disarranging, interference, upset, upsetting, unsettling, confusion, confusing; [More](#)

[disruption - definition of disruption by the Free Online Dictionary ...](#)
www.thefreedictionary.com/disruption

tr.v. dis·rupt·ed, dis·rupt·ing, dis·rupts. 1. To throw into confusion or disorder: Protesters **disrupted** the candidate's speech. 2. To interrupt or impede the progress, ...

[Disruption - Sequence - Disruption sequence](#)

[Disruption - Wikipedia, the free encyclopedia](#)
en.wikipedia.org/wiki/Disruption

Disruption is an event which causes an "unplanned, negative deviation from the expected delivery ... according to the organization's objectives". The objectives ...

[Disruption Synonyms, Disruption Antonyms | Thesaurus.com](#)
thesaurus.com/browse/disruption

Synonyms for **disruption** at Thesaurus.com with free online thesaurus, antonyms, and definitions. Dictionary and Word of the Day.

"The Great Disruption" - Paul Gilman - Independent writer & advisor





“

disturbance or problem which
interrupt an event, activity, or
process

”

-

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www.wikipedia/disruptiveinnovation

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Disruptive innovation

From Wikipedia, the free encyclopedia

A **disruptive innovation** is an **innovation** that helps create a new **market** and **value network**, and eventually goes on to disrupt an existing market and value network (over a few years or decades), displacing an earlier technology. The term is used in business and technology literature to describe innovations that improve a product or service in ways that the market does not expect, typically first by designing for a different set of consumers in a new market and later by lowering prices in the existing market.

In contrast to *disruptive* innovation, a **sustaining innovation** does not create new markets or value networks but rather only evolves existing ones with better **value**, allowing the firms within to **compete** against each other's sustaining improvements. Sustaining innovations may be either "discontinuous"^[1] (i.e. "transformational" or "revolutionary") or "continuous" (i.e. "evolutionary").

The term "**disruptive technology**" has been widely used as a synonym of "disruptive innovation", but the latter is now preferred, because market disruption has been found to be a function usually not of technology itself but rather of its changing application. Sustaining innovations are typically innovations in *technology*, whereas disruptive innovations change entire *markets*. For example, the automobile was a revolutionary technological innovation, but it was not a disruptive innovation, because early automobiles were expensive luxury items that did not disrupt the market for **horse-drawn vehicles**. The market for transportation essentially remained intact until the debut of the lower priced **Ford Model T** in 1908.^[2] The *mass-produced* automobile was a disruptive innovation, because it changed the transportation market. The automobile, by itself, was not.

The current theoretical understanding of disruptive innovation is different from what might be expected by default, an idea that **Clayton M. Christensen** called the "technology mudslide hypothesis". This is the simplistic idea that an established firm fails because it doesn't "keep up technologically" with other firms. In this hypothesis, firms are like climbers scrambling upward on crumbling footing, where it takes constant upward-climbing effort just to stay still, and any break from the effort (such as complacency born of profitability) causes a rapid downhill slide. Christensen and colleagues have shown that this simplistic hypothesis is wrong; it doesn't model reality. What they have shown is that good firms are usually aware of the innovations, but their business environment does not allow them to pursue them when they first arise, because they are not profitable enough at first and because their development can take scarce resources away from that of sustaining innovations (which are needed to compete against current competition). In Christensen's terms, a firm's existing *value networks* place insufficient value on the disruptive innovation to allow its pursuit by that firm. Meanwhile, start-up firms inhabit different value networks, at least until the day that their disruptive innovation is able to invade the older value network. At that time, the established firm in that network can at best only fend off the **market share** attack with a me-too entry, for which survival (not thriving) is the only reward.^[3]

The work of Christensen and others during the 2000s has addressed the question of what firms can do to avoid oblivion brought on by technological disruption.

Contents [hide]

- 1 History and usage of the term
- 2 The theory

Types of Innovation^[1]

Sustaining

An innovation that does not affect existing markets.

Evolutionary

An innovation that improves a product in an existing market in ways that customers are expecting. (E.g., **fuel injection**)

Revolutionary (discontinuous, radical)

An innovation that is unexpected, but nevertheless does not affect existing markets. (E.g., the **automobile**)

Disruptive

An innovation that creates a new market by applying a different set of values, which ultimately (and unexpectedly) overtakes an existing market. (E.g., the lower priced **Ford Model T**)



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“Disruption displaces an existing market, industry, or technology and produces something new and more efficient and worthwhile at once destructive and creative”

Professor of Business Administration
at the Harvard Business School





displaces
existing
produces
new
efficient
worthwhile
destructive
creative

activity
act
creating
new
disturbance
interrupt



Switch On



displaces
existing
produces
new
efficient
worthwhile
destructive
creative



Disruption displaces an existing market, industry, or technology and produces something new and more efficient and worthwhile. It is at once destructive and creative



Digital Age



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Insight into Frameworks & Tools



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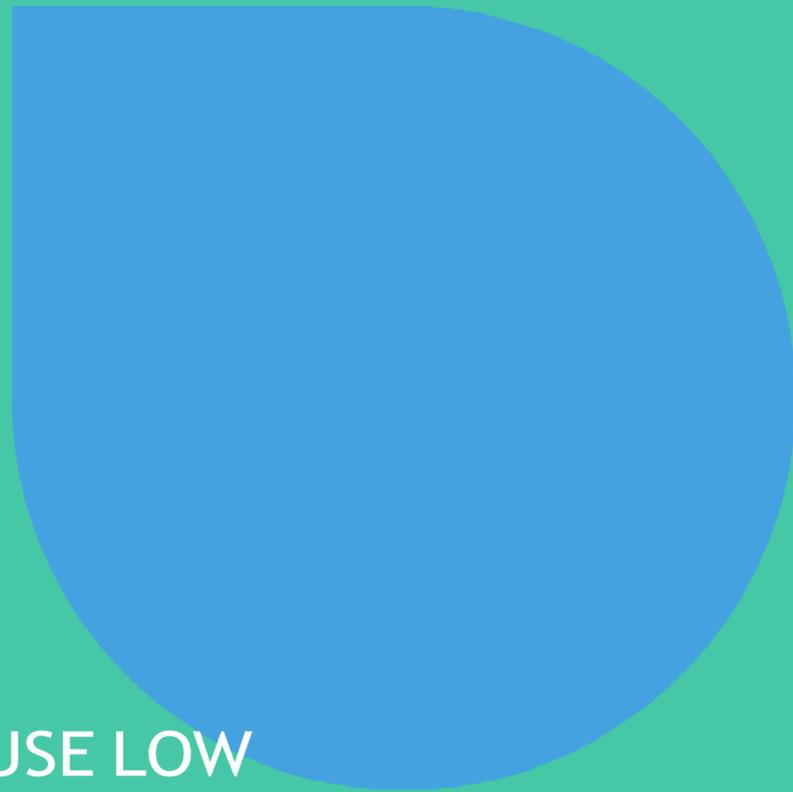
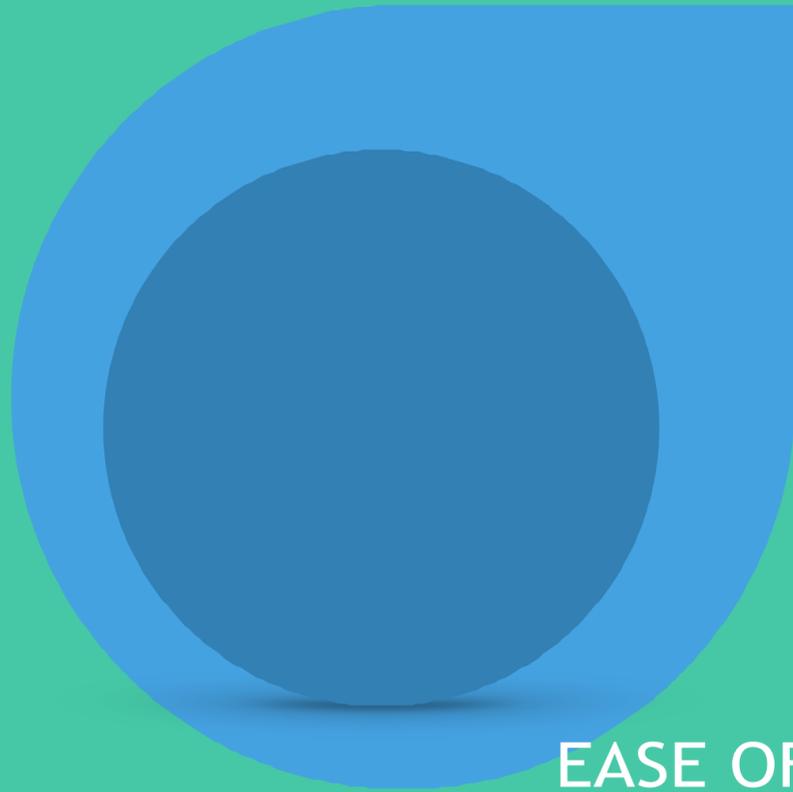
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USEFULNESS HIGH



EASE OF USE LOW



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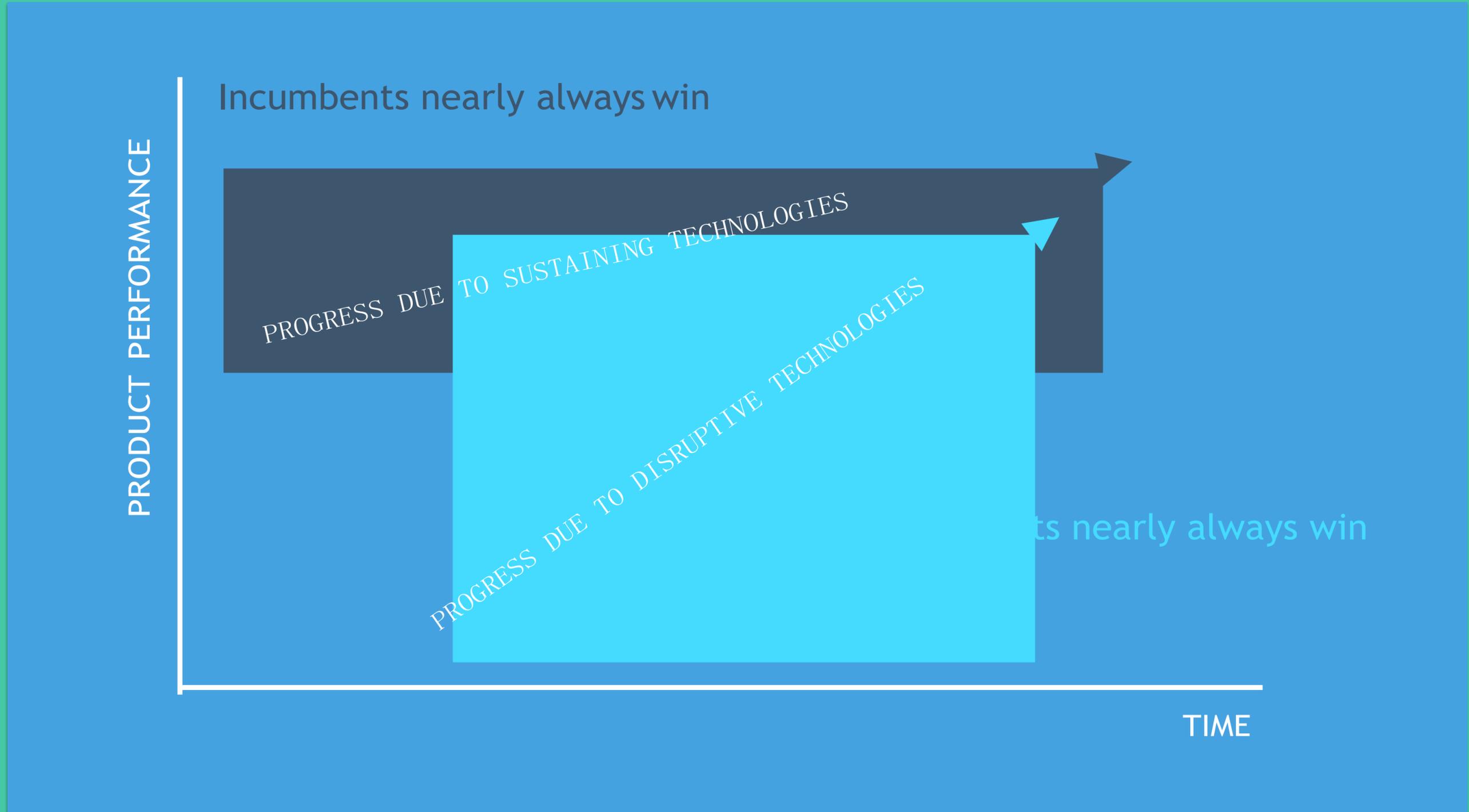
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Courtesy of Clayton Christensen
<http://www.claytonchristensen.com>



Learning:

Change needs to be worthwhile

New Entrants nearly always win

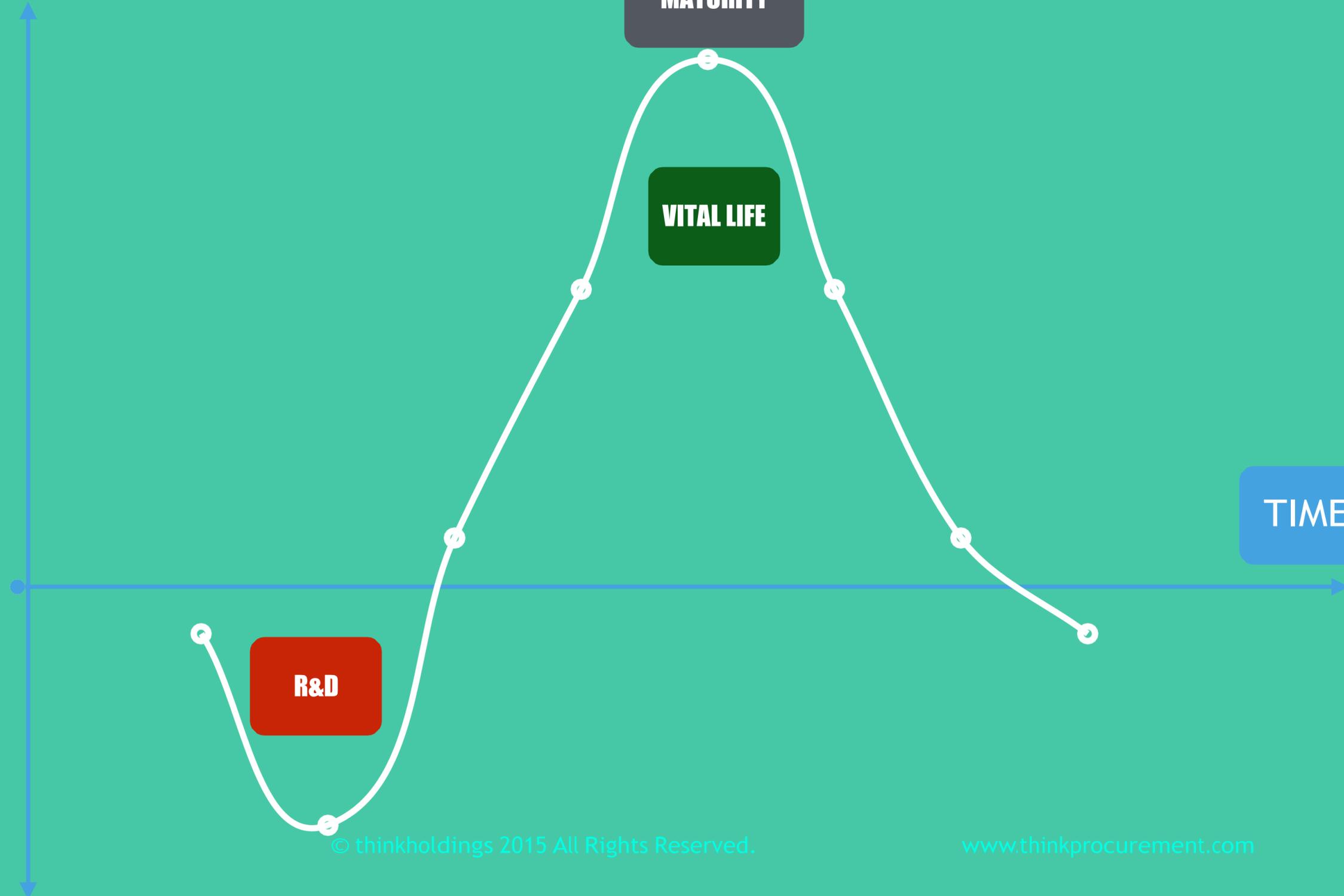


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Technology Lifecycle

MONEY



TIME



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Learning:

Investment is required

life span of generating revenue is short

its getting shorter

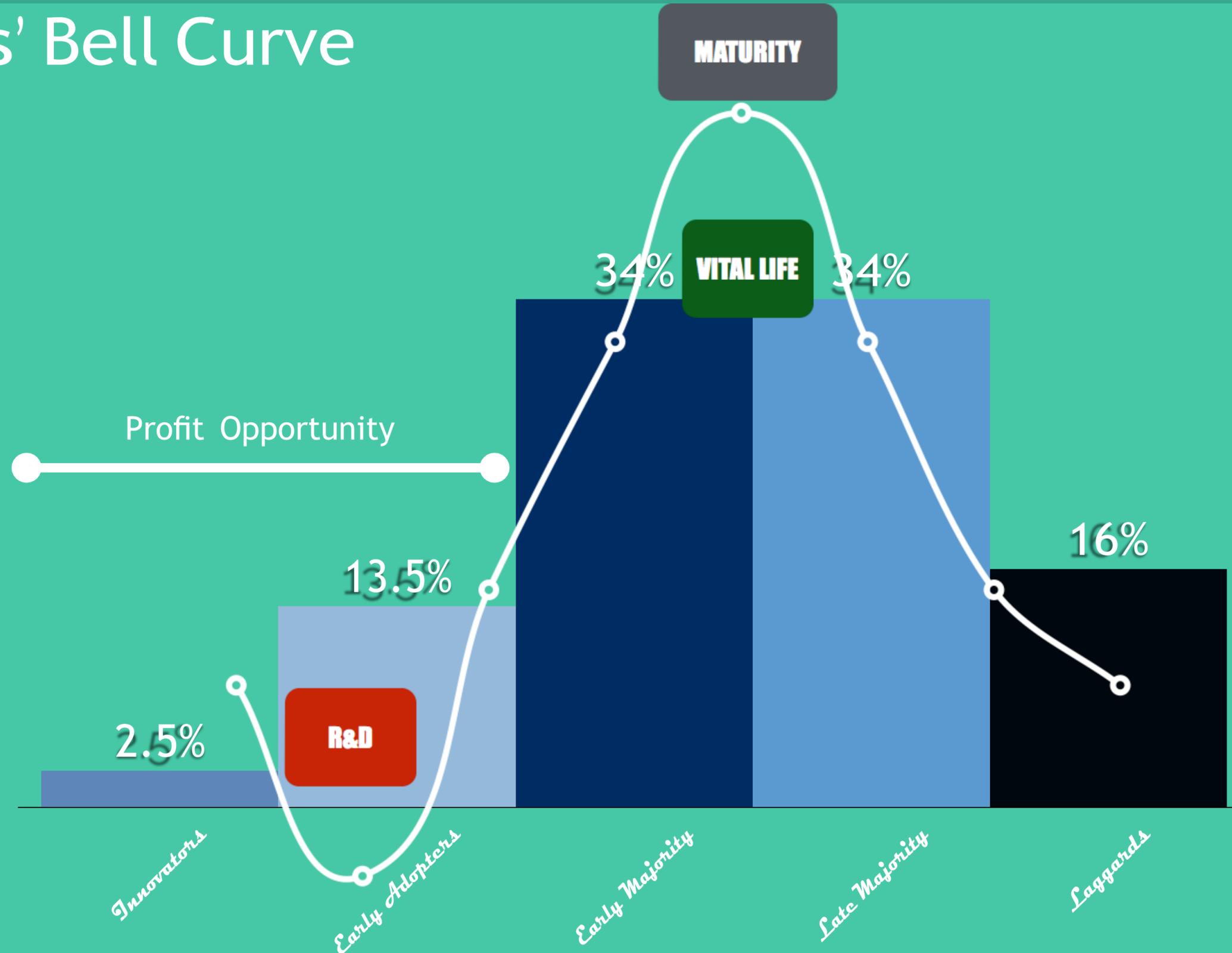
Darwin was right



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Rogers' Bell Curve





Learning:

Innovators make up a small segment

Get them early

Get them fast



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Disruptive Innovation

1,792,574 likes · 4,128 talking about this

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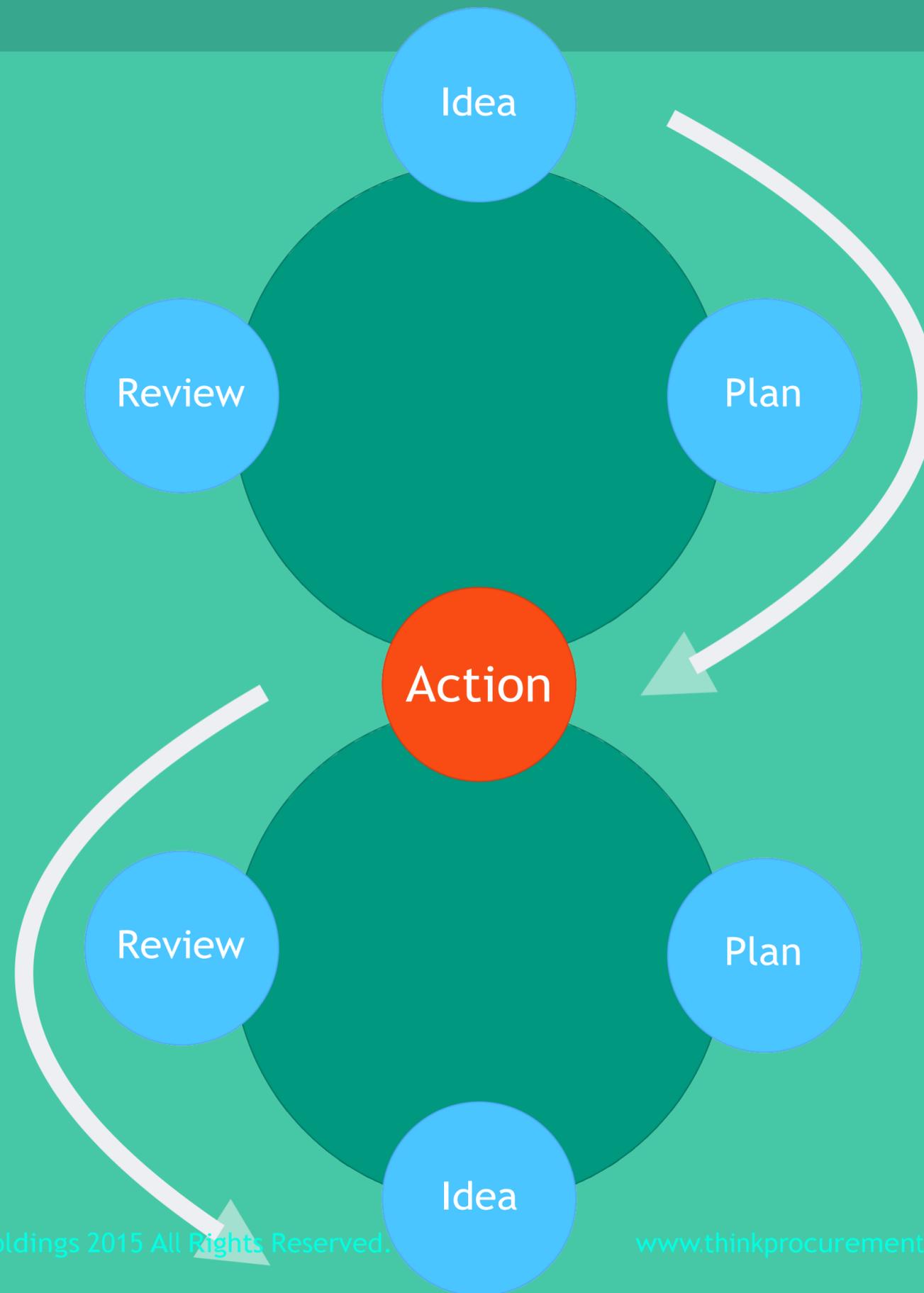
Process Platform Properties



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Process



Chris Argyris



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Learning:

The process is about double loop learning

That is ACTION ACTION ACTION



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Process

Platform

Properties



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Platform

capability

culture

tools



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Process Platform

Properties





Properties

displaces
existing
produces
new
efficient
worthwhile
destructive
creative



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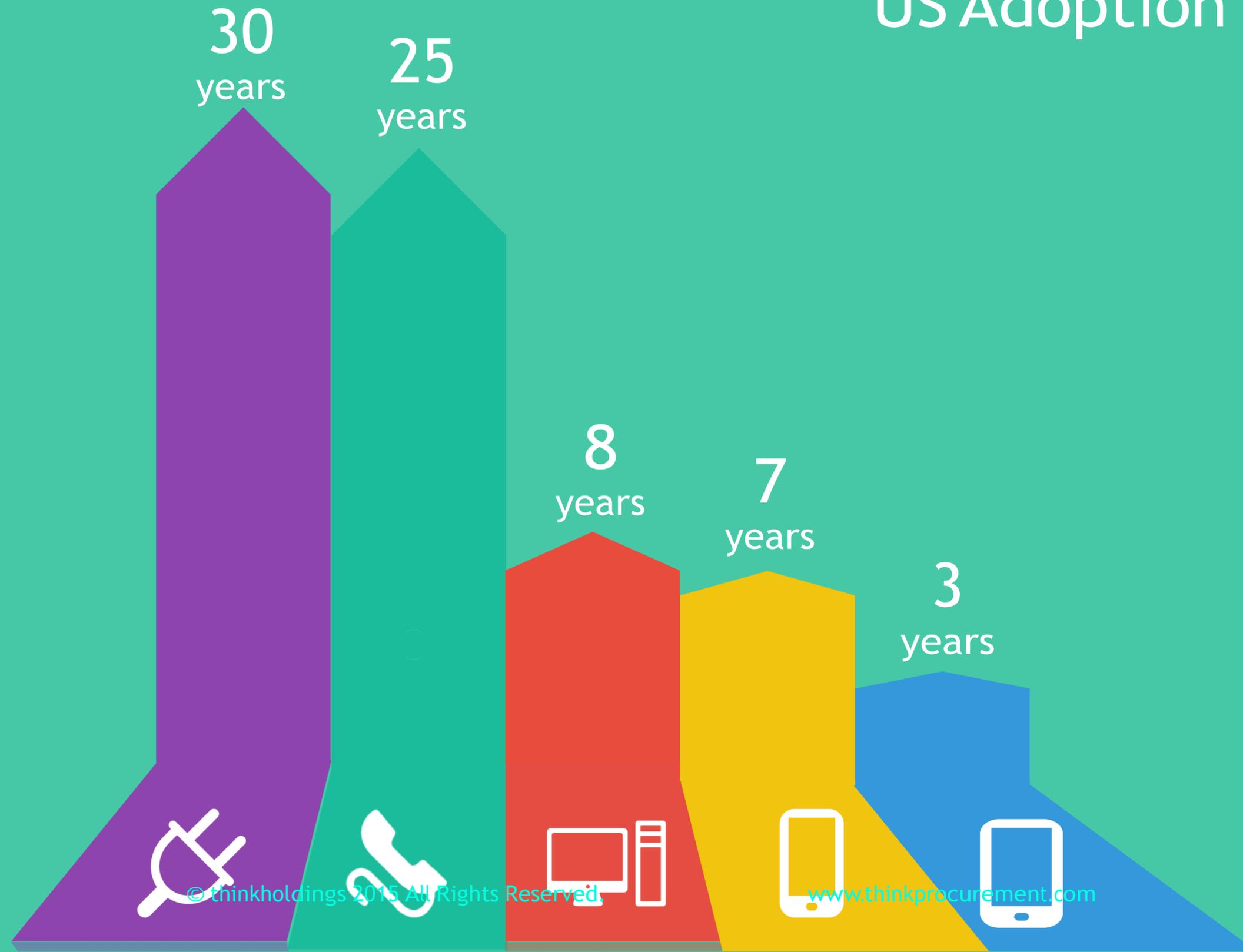
Speed of Change



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US Adoption Rates 10%



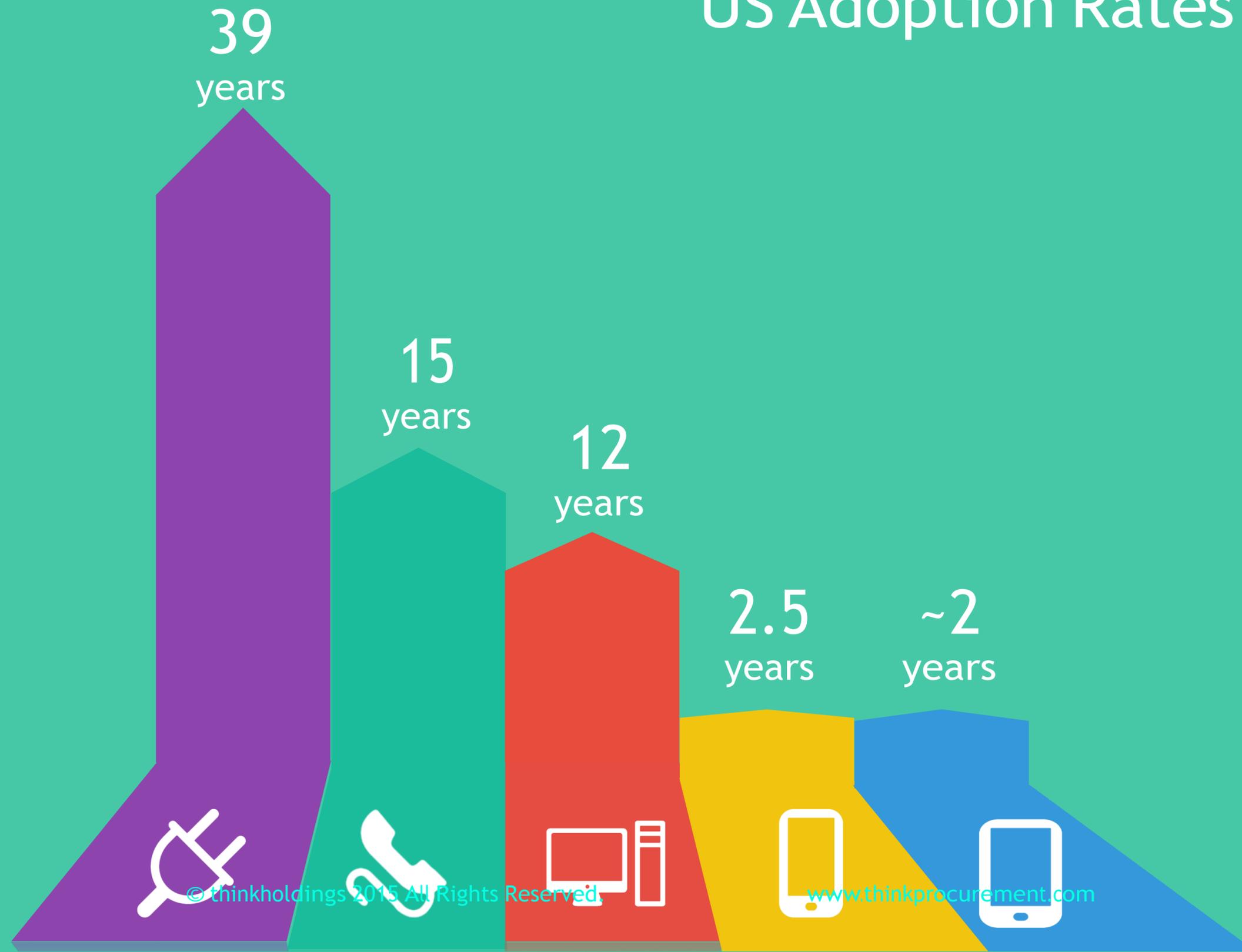
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US Adoption Rates 10% - 40%



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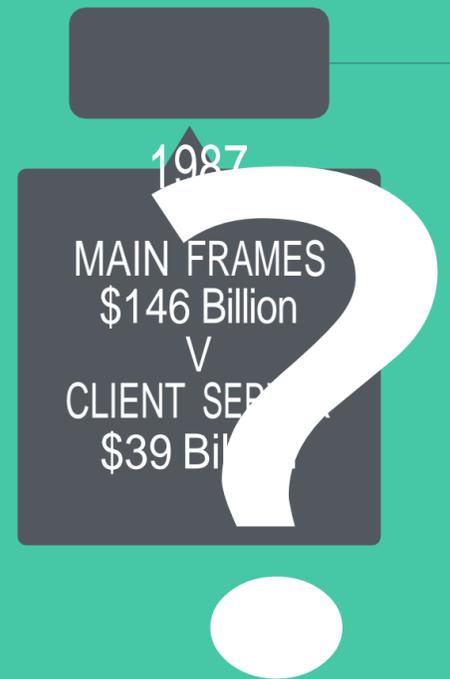
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Disruption Time Line Example

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Known Examples





September 3 1998
did not exist now third
largest company in the
world by market capitalisation



February 3 2004 Facebook
did not exist
\$100 Billion
same as McDonalds



2006
1,000 Employees
\$5.1 Billion



1997 Apple weeks from
bankruptcy now largest
company in world by market
capitalisation



March 25 2006 Twitter did
not exist
\$24 Billion



2002 \$10,000 Credit Card Debt
1,148 Employees
\$3.5 Billion



January 14 2001 Wikipedia
did not exist now the 5th
most visited site in the
world



1997
\$5.9 Billion
#1 Job Market Site Globally



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EPIC

Establish

Promote

Close

Identify



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