

Why digital won't save you from disruption

By [Paige dos Santos](#)

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There is a lot of hype in the market about the omnipresent innovation imperative. Every second company uses the word "innovation" in their slogan in an effort to position themselves at the cutting edge of their industry.



Paige dos Santos

It's easy to see why - our world is evolving at a rapid rate, and the possibilities enabled by technologies are seemingly endless. One result is that corporate executives are now under increasing pressure to maximise business as usual, whilst at the same time being seen to be chasing the next 'big thing' and constantly innovating.

Investment in innovation

Businesses are all seemingly in pursuit of the same thing, however, they differ greatly in terms of what they classify as investment in innovation. While Silicon Valley is funding start-ups underpinned by technologies that have not yet been fully developed, a recent study by Altimeter Group and Capgemini Consulting revealed that corporate innovation centres were largely focused on well-established technologies, such as mobility (63%) and big data/analytics (51%), with limited focus on less mature technologies, such as virtual reality and robotics.

This suggests that companies are by and large classing the incremental shift to digital as innovation. They are still risk-averse when it comes to experimenting in lesser known areas - although uncharted territory is potentially where the greatest rewards lie.

Does digital equal innovation?

Should this really be the case, though? Does digital truly equal innovation? That depends on your rationale for innovating. Are you innovating to keep up with the competitive landscape and stay relevant to the Jones' of your customer segments? Or are you innovating to completely disrupt existing markets, invent new business models and really change the game?

In the case of the former - incremental innovation - the right digital strategy will help your company achieve its goals. Becoming a truly digital organisation will make your business more customer-centric, give you greater insight into the market and automate many admin-intensive business processes, thereby freeing your staff to focus on more strategic and impactful activities. It will enable you to delight your customers with seamless, consistent experiences and deliver the right core products and services at the right time.

Mobile, analytics, social, and cloud will do all that and more. But they won't necessarily save you from disruption. Because digital is now table stakes, and your competitors are likely to have access to those same technologies. If you haven't already embarked on digital transformation, it may already be too late. And if your digital transformation is only incremental, it may not be enough.



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Shelter disruptive innovation

On the other hand, if you also want to innovate to be disruptive, you have to think a little further than the technologies that are currently available through your usual vendors. You have to dip your feet (not just toes) into the edge of business and technology and start doing what has not previously been done, utilising cutting-edge emerging technology to do this - be it artificial intelligence, robotics or quantum computing, or all of the above. And you have to shelter disruptive innovation from the rest of the firm.

This is because traditional businesses are built for scale and efficiency, not for innovation and agility. Thinking differently is often not encouraged at the core, as it distracts staff from their main functions and inhibits their ability to keep the main thing the main thing, delivering against their KPIs. On top of this, truly disruptive innovation often requires skill-sets that don't naturally exist at the core of the organisation.

The most impactful innovations are often a threat to existing business areas, and leadership is likely to be faced with the dilemma of whether to build the machine that knocks down their castle, or hold back and hope someone else doesn't knock it down for them. To avoid corporate antibodies killing innovation, the less people privy to the innovations developing, the better.

Establish a separate unit

With this in mind, establish a unit separate from the main organisation. This could be in the form of a seed capital investment fund, a start-up incubator or a black-ops team at the edge of your organisation. Define a set of design principles for what you want the innovation unit to achieve which are linked to your organisation's strategic ambitions. These can be financial, problem-solving, or otherwise. The design principles can be high-level but they must be stringently adhered to.

Make sure the concepts prove themselves to meet the requirements, and if they don't, kill them quickly. As Steve Jobs said, "Deciding what not to do is as important as deciding what to do". Adhering to these guidelines won't guarantee you success, but they will give you a better chance of creating real disruption in the market, without sinking large amounts of funding into misguided pet projects.

Whichever innovation horizons you are pursuing, from incremental to disruptive, be painfully aware of your objective. It's easy to get carried away with sexy buzzwords, but innovation is an investment and the old risk-return trade-off still applies - high risk, high reward. Marshmallows, pom-poms, and competitions don't change businesses - smart, empowered teams with laser focus do.

ABOUT THE AUTHOR

Paige dos Santos is digital innovation lead at Britehouse Digital

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