

DEEPER THOUGHTS

(AND FUNDAMENTAL QUESTIONS) ABOUT

Innovation AND

DISRUPTION

BY / ERIC KRELL



Uber swiftly transformed the taxi industry

while magically transforming itself into a verb that business leaders now deploy with mounting urgency: Who can Uber us? How can we Uber our competitor? We need to disrupt—or be disrupted. Despite its recent turmoil, Uber seems like a prime symbol of disruptive innovation.

But impressions can be misleading. So says the professor who wrote the book on disruptive innovation, Harvard Business School's Clayton Christensen: "Uber's financial and strategic achievements do not qualify the company as genuinely disruptive—although the company is almost always described that way," Christensen and two co-authors write in a *Harvard Business Review* article that appeared roughly two decades after he introduced the business world to his formal theory of disruptive innovation late in the 20th

century. On the other hand, Netflix's move from mailing rental DVDs to streaming video via the Internet marks an innovation that disrupted the video rental market (and crushed Blockbuster in the process). Similarly, Apple's facilitation of an application-developers network helped the company disrupt the laptop market by making smartphones the preferred tool for consumers' online activities. Today, companies like Airbnb, Amazon and Google appear poised to disrupt a number of markets through their innovations.

Christensen felt compelled to clarify his theory, in part, because the phrase has become ubiquitous and frequently misused. A telling chart in the article tracks the number of mentions of "disruptive innovation" and "disruptive technology" in business articles since 1995; in 2010, months after Uber launched, those mentions spiked and have continued soaring.

While learning, or boning up on, Christensen's theory, business students, professionals and leaders should take time to ask other fundamental questions about the nature of business innovations and the disruptions they generate. Earlier this year, Uber chief executive officer Travis Kalanick resigned as chief executive in response to investor pressure and amid the company's conflicts with regulators, competitors and its own drivers. The global company's internal struggles focused more attention on the responsibilities game-changing companies have to a broader set of stakeholders—beyond their shareholders and satisfied customers. Current and future innovators should consider addressing the following questions early in the creative process:

WHY ARE WE INNOVATING?

Greg Leman, director of the LAUNCH Innovative Business Accelerator at the Baylor Research and Innovation Collaborative (BRIC) and a former engineer and entrepreneur, is an inventor who holds a number of patents. He says business innovation represents a better way to do something. He also notes that there are inevitably winners and losers following game-changing innovations. That said, those who introduce game-changing innovations can do so in a way that minimizes the number of losers and maximizes the number of winners. "To me," Leman adds, "the best form of innovation benefits the greatest number of stakeholders possible."

To achieve the type of "meaningful innovation" Leman describes, hopeful inventors should understand and articulate the purpose of their work early on in the creative process. When working with inventors and entrepreneurs, Leman makes a point of asking them how their innovation matters. "I'm not asking how it might change purchasing behavior," he explains. "I want to know how the potential innovation makes the world a better place from a practical and/or spiritual perspective." Addressing this question early on yields a number of potential benefits and can help lead to what Leman describes as "meaningful innovation."

WHAT GAME ARE WE CHANGING?

The disruptive nature of recent innovations is evident in the growing number of "most innovative companies" lists that business publications, including *Fast Company*, produce these days. The differences between the publication's inaugural 2008 "Most Innovative Companies" list and the 2017 list are striking. Only six companies appear on both lists: Amazon, Google, Apple, Facebook, Alibaba and IBM. While only one company based in China made the 2008 list, roughly 25 percent of this year's "Most Innovative" companies are based in China. In 2008, 12 of the organizations provided or manufactured technology products and/or services. This year, only five of the "Most Innovative Companies" are not technology companies. Previous innovators such as Procter & Gamble, Target, Tesco and Timberland have given way to Huawei, Snap, Spotify and Slack.

These types of lists reflect the increasingly technological and data-driven nature of business, but they also reflect a bias

toward associating business innovations more with technology advancements and less with people and process breakthroughs.

This bias becomes more apparent when looking at innovations through history (e.g. electricity, penicillin and the steam engine). This is not to say that historic innovations are not being developed today; they most certainly are. If artificial intelligence (AI) really will be as momentous as electricity, as Stanford University Adjunct Professor and former Baidu scientist Andrew Ng told *The Wall Street Journal*, it will give rise to a host of similarly meaningful breakthroughs—in the same way that electricity enabled air conditioning, television, radio, the telephone, the Internet and semiconductor electronics, as Atlantic National Correspondent James Fallows noted in his rundown of "The 50 Greatest Breakthroughs since the Wheel."


Just as tinkerers and entrepreneurs should be clear on why they're investing, they should be clear on the ways their innovation does, and does not, change markets, industries and lives.

WHAT ARE WE MISSING?

Innovative companies compete on dimensions beyond technology, such as customer experience, reputation and behavior. But new research being conducted at Baylor University's Hankamer School of Business by Associate Dean of Graduate Programs Gary Carini and Associate Professor of Management Patricia Norman suggests that strategic decision-makers may be neglecting key, non-technological dimensions of innovation.

The purpose of Carini and Norman's research is to identify trends related to the mood, emotion and tone of strategic discussions and thinking within organizations. The research involves the application of different content analysis software tools to large volumes of strategy-related articles, documents, analyst calls and other materials. These tools comb through hundreds of thousands of words to identify the most commonly used terms.

Carini and Norman recently applied their content analysis to every strategy-related article published in the *Harvard Business Review* (HBR) from 2014 through the first quarter of 2017. The most frequently mentioned term used in the 2016 HBR strategy articles was "innovation." Carini reports that "risk," "challenge," "leadership" and "opportunity" also made the top 10. "Innovation" was used five times as often as "disruption," which suggests that plenty of non-game-changing innovations are being considered at the executive decision-making table. There were also a number of notable absences. Carini points out that "ethics" was not mentioned in any of the 2016 articles.

While few readers of this publication likely would argue against the need for ethics to be addressed in strategic discussions, more business innovators should understand the case for integrating business ethics, questions of meaning and purpose, and broader stakeholder considerations into their planning activities. If AI, blockchain, robotics and/or other still-incubating innovations prove as disruptive to industries and life as their proponents claim, leaders will be scrambling to address a deeper set of questions. 

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