THE INNOVATOR’S DILEMMA

By CLAYTON CHRISTENSEN

SUCCESSFUL COMPANIES CAN FAIL IN THE FACE OF DISRUPTIVE INNOVATION

ENCOURAGEMENT FOR STARTUPS

1. SUSTAINING VS DISRUPTIVE
2. DIFFICULT TO ADOPT
3. WHAT DOES IT ALL MEAN

SUSTAINING VS DISRUPTIVE

SUSTAINING INNOVATION

* COMPANY IMPROVES PRODUCT’S PERFORMANCE BASED ON FEEDBACK FROM CUSTOMERS.

* USUALLY ABOUT REDUCING DEFECTS & MAKING SOMETHING FASTER OR MORE

POWERFUL
**Disruptive Innovation**

- Lower performance in key features valued by the market. More defects, less speed / power.

**Innovator's Dilemma**

Disruptive technologies business models evolve to meet customers' future needs better.

Disruptive product appears as if it's doing everything wrong. Born from need that exists in niche market that's neglected by current market offerings.

**Key Difference:**

Sustaining innovation satisfies customers' current needs.

Niche market w/ unmet needs

Following a sustaining innovation path makes sense in short term but can doom the company to failure. Dedicating valuable resources to a niche and unproven opportunity can be the future of the company.
EXAMPLES

From flip phone to smartphone.

Why large companies caught asleep.
Niche market is too small and unappealing to dedicate resources to small and unproven offerings.

CLOSING

Large companies need to listen to their customers in order to continue successfully with their sustaining innovations.
But they need to look at to identify potentially disruptive innovations.

Good news for startups: as long as their innovation has the potential to improve performance rapidly, small initial market = gives them more time to fine-tune their technology and they don’t need to worry too much about their larger competitors.