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Wrecking Ball: Your Opportunity Awaits

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The real key to organizational success is to not solely rely on sustaining innovation, but to also develop the agility to react swiftly to any market challenge or opportunity.

Disrupting the Disruptors By Rohan Rodney

Legacy, infrastructure and dated thinking are preventing older players from responding aggressively to the new, agile and unfettered players in the marketplace. The new, hip, young companies are developing a new customer service model, which aggressively looks for industries, which have traditionally underserved their clients. They look to use innovative technologies to connect with the underserved customers and provide fresh, relevant twists in product presentations and services. Their attitudes are centered on constant customer feedback and tweaking formulas until they are able to fine-tune offerings that create chasms between their level of performance and the old guard. How can the traditional, older organization survive in an era where the new players refuse to follow the established rules? The new guys on the block are adept at being perceived as anti-establishment. Is there any way to turn these upstarts' greatest advantage into their greatest weakness? Let us see how simple it may be to utilize the past to actually disrupt these pesky, valley digital disruptors. I think we should not overlook how easy it was for these upstarts to even disrupt these established industries.

Is innovation intrinsically correlated with agility in today's marketplace? It absolutely is, given we reside in a culture where information is discovered, delivered and ultimately shared at breakneck speed. The dominance of smartphone technology and the Internet have

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exacerbated this shift so that technology is now delivering the convenience for which consumers have been craving and clamoring. Unprecedented rates of technological development have given rise to incredibly high consumer expectation of convenience, accessibility and a seamless omni-channel experience, which allows for instant gratification at discounted prices. Because of this, it can easily be documented how consumers started to feel entitled to instant and transparent information.

Many years ago, when society was not consistently connected by the mobile movement, a "wait and see" mentality may have been sufficient for businesses to ensure survival during unstable economic times. However, this can no longer be seen as a viable option. The rules have

changed dramatically. The rules continue to change every day. The rules will only continue to change and it is much easier to lead and affect change as opposed to trying to interpret how the rules have just changed on you. Not only have the rules of the game changed, the size and shape of the playing surface have morphed into an almost unrecognizable configuration. If that wasn't enough of a change, the equipment necessary to play the game also has to be updated.

Those who fail to consistently innovate will see their relevance diminished over time and will become obsolete. In addition to new product introductions, digital disruption can also be the act by which an existing product or service undergoes rebirth; this rebirth can be through basic propositions that target specific, small consumer segments and then expand to larger populations as the products or services develop momentum. It starts as an outward, then inward development where you determine what the consumer wants before determining the resources it would take to build it. This is in stark contrast to what many lost brands did. These lost brands continued to manufacture their goods and then
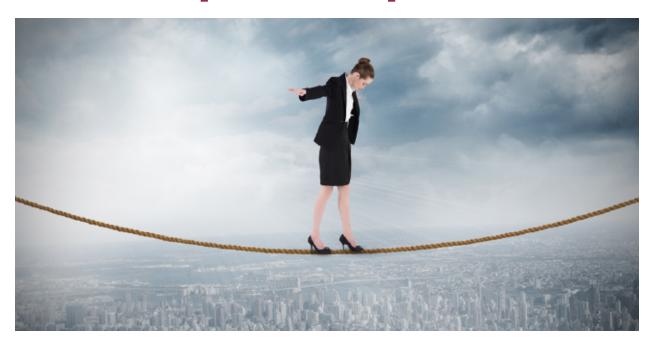

went in search of a customer who might have some interest in these goods.

Many entrenched brands develop a simplified innovation mentality where a brand will only innovate at a pace which matches its competitors' newest offerings. This does very little to provide any real differentiation and ultimately leads to a long-term squeeze in margins. The real key to organizational success is to not solely rely on sustaining innovation,

but to also develop the agility to react swiftly to any market challenge or opportunity. Developing the organizational structure to achieve this is the needed disruption many institutions desperately need. This organizational disruption must precede any new product endeavor. The Internet and all of its connected platforms have enabled small players to expertly exploit the power of less costly infrastructure to deftly reach, comprehend and build relationships. They are able to do this in ways their larger competitors could only dream of just a short time ago. The barriers of entry that have existed for so long have been obliterated with the advent of technology. In this sense, it is the economies of unscale that has tipped the leverage to the small and agile.

Even behemoths like Wal-Mart are conceding sales as customers look for better deals on a narrower assortment of goods from online retailers. Convenience, cost savings, transparency and peer validation are driving digital growth for products and services. Big box retailers have enough trouble satisfying one or two of these attributes while digital had been successful with mastering all of them. In just a few years, Wal-Mart

has seen their biggest advantage now become their biggest weakness. The wide breadth of goods available is now unappealing to customers; the big-box retail strategy is losing ground to online retailers that have more focused inventories. The convenience of going to one outlet to pick up all of your items has now been out-convenienced by shipments sent straight to the doorstep.

So where do traditional companies have the advantage? One of the most overlooked areas and advantages where large, established players have leverage is with their ancient history of service to their customers. It lies within that wonderful treasure chest of past customer interactions. In it, you will find many years of shiny customer data. Companies sometimes are sitting on an opportunity to dramatically increase customer understanding and insights to construct 1:1 tailored conversations with the customer. Utilizing the data to persuade customers with a real value proposition is the key factor in staying ahead of the competition. This is the competitive advantage that the Ubers and Airbnbs of the world are now starting to accumulate. Many of their competitors have had decades worth of data to leverage, but they refuse to dive into the analytics to discover what their customers are truly looking for in a service provider.

This analysis and these conversations must begin. Experiments that discover what customers like and do not like must be undertaken. Analysis of the most profitable customers must be completed in order to surpass their expectations and ultimately replicate more of these valuable clients. The information is readily available to them and the upstarts are actually at a disadvantage...at least for now.

The Concept of Disruption By Kristi Castano

The concept of "Disruption" has been bandied about in marketing schools and professional marketing conferences for well over a decade. It's a fairly simple concept to understand though, an increasingly elusive feat to accomplish. For many, the term "disruptive marketing" brings to mind a clever groundbreaking super bowl ad like Apple's 1984. Or perhaps more recently, the use of flash mob videos and other clever multi-media campaigns executed by brands through social media. All in the hope of breaking through the noise, "going viral" and catching the attention of an increasingly fickle and distracted audience of millions of followers...for just one moment in time.

I contend that true "Disruption" is something more. More than a single ad or marketing campaign can ever accomplish by itself. True disruption is more than a marketing strategy. It's a way of thinking. It's a way of doing business. It's a philosophy of an entire organization. The heart of this philosophy are three core principles: discovery, creativity and fearlessness.

While this sounds very heady and philosophical, that is not the intent of this article. Let's break it down. Take an example from one of my favorite model organizations and "Disruption" experts IDEO. IDEO is a design and innovation consultancy with offices around the world, whose famed "human-centric" approach has made them one of the most sought after design firms in the world – with many consultancies attempting to copy their model.

Look at one well known, simple and older example of how IDEO approached a problem. IDEO was approached by ABC's Nightline to "rethink the shopping cart." While this wasn't a product that ever went to market, the meat of the discussion was in their process and approach which was the same for all of their engagements.

Discovery. Upon accepting an assignment, IDEO formulates a cross functional team to study the problem and the current market from all angles – they call it the "deep dive." This discovery phase isn't your typical board-room meeting, competitive review and dry analysis of some syndicated data set. This discovery phase includes real-life testing in the field. For example, test driving existing carts of all types and sizes to identify possible areas of improvement. Also, condusting primary research to understand attitudes and opinions of the existing carts. Conducting

primary research with users of many ages and sizes at different stores to understand the target audience, their perceptions of the existing carts and their thoughts for how things can be improved. Most importantly, this deep dive wasn't done by a "research team." Everyone on the cross-functional team was invited to become completely immersed in the problem. Immersed in understanding the market, the product, the target audience, the challenge…and then everyone was invited to innovate.

Creativity. It takes practice to be creative. It involves letting go of everything you know; embracing the unknown, accepting some level of chaos. Only by doing so does an individual or an organization ever successfully innovate and create something truly new. This was something IDEO, and perhaps only one or two organization I have ever worked with, understood and knew how to leverage. At IDEO everyone on the cross-function team was invited to come up with ideas, be they incremental or wildly innovative. Innovations were drawn up and prototypes were tested in the field. Some concepts were kept, some scrapped. The creativity phase was a cycle, a process. In the end the team may test and trash a hundred ideas but the final result was a truly innovative "disruptive" product, one based on a deep understanding of an unmet need.

In the shopping cart example IDEO designed a nesting steel frame that held removable plastic baskets to increase shopper flexibility, helped protect goods and provided a method to promote brand awareness. A dual child seat used a swing-up tray for a play surface and a hole provided a secure spot for a cup of coffee, shopping scanner or a bunch of carnations. One of the unique features of their cart was the design of steerable back wheels.

Fearlessness. I found this process as difficult, recognizing the challenges of overcoming the preconceived roles of organizational hierarchies. The mentality of highly matrixed or bureaucratic institutions is to oppose a new or innovative idea.

One innovative firm I have had the pleasure of working with has a colorful mural of Einstein on a prominent wall. The mural is accented by one of Einstein's quotes for all the employees to see, "Great spirits have always found violent opposition from mediocrities.

The safe. The tried. The true. The known. It's very tempting for an organization and its employees to take safe harbor amongst these comforts. But to be a market leader, to be truly disruptive, means to embrace the wild unknown and bring to market something that hasn't been done before. The voices of the mediocrities be damned.

I believe this process is the only way to be truly disruptive in our world today. To have a better (or the

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best) answer for an unmet need means changing the way your organization lives and breathes. Embrace the change from within.

Years ago it was easier. Countless eyes watching one of four TV channels, listening to one of a few radio stations. A simple message or marketing spin could be seen as disruptive. But now, your audience can be anywhere in the world. Your message has a million different ways to be heard and seen – or never heard and seen. Media is fractured, personalized…splintered. Discerning a simple change in a product message strategy is akin to finding a needle in a haystack. Today disruption needs to be the product or service you bring to the market. The difference your product can make in your target audience's lives. The microwave. The iPhone. The electric car. Innovation and disruption are there for the taking. Your organization just has to have the courage to create it.

What can endocrine disruptors teach us about business?

By G.A. Bivens

As I normally do in order to prepare for writing an article, I researched the key words in the theme first in the dictionary (online, of course). The topic disruption has an interesting definition - disturbance or problems that interrupt an event, activity, or process.

A particular type of disruption, however, caught my attention. That type of a specific biological disruption that corresponds to disruptors on/within a business. The parallels are seen with endocrine disruptors (EDC's).

The endocrine system is a complex system consisting of glands in the body, which produces hormones. An example is the thyroid gland in the throat. Hormones act as chemical messengers, controlling

■ Exposure to EDCs during early development (e.g. in the womb, during childhood) may cause permanent effects,
■ Exposure to EDCs during adult life may not show any significant or visible effects,
■ Exposure to EDCs may produce varying effects depending upon the stage of the life cycle or even the season, and
■ Unforeseen effects may occur in the target tissues due to endocrine interactions.

The effects of the exposure is where I want to draw your attention. Note that the severity of the reaction to the exposure can be a function of the maturity of the entity.

As noted, exposure during early development may cause permanent effects. An organization in its

puts them in a position to respond quickly to structural changes in the marketplace in a favorable manner. This can be due to the lack of allegiance to the current way things are done.

Also mentioned was the possibility of riding through exposure, if the entity is in an "adult" stage. For those organizations that respond with resilience, the secret to success may be in the track record. The entity may have a better idea of who it is and of what it is capable. This longevity rewards the entity with the ability to quickly see what will work and how it might adapt successfully to the new environment. However, notice the use of the phrase "may not show any significant or visible effects". The response may result in a core change in the organization that is noticeable. The result could also be a future state that is virtually indistinguishable from the current. In this case, the longevity of the entity could be its detriment as it may inhibit its change response ability.

As important to the success of the response as the longevity of entity is the "season". The timing of the arrival of the disruption can limit or enhance an organization's ability to react in a meaningful way. Does the shift occur in the midst of a multi-year development project where significant resources, both monetary and human, are already consumed and committed nearing a launch? Or does it occur at the beginning of a new technology sprint where requirements are being gathered and incorporated into the roadmap? As has been frequently stated and

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basic functions, such as growth, development, reproduction, how food is utilized in the body, blood pressure, blood glucose levels and fluid balance. An example is the hormone from the adrenal gland which prepare the body to face stress.

What has been established regarding endocrine disrupting chemicals (EDCs) is:

infancy can be impacted permanently by a disruption in their marketplace. The change could be significant enough to change the trajectory of the company. In some instances the early stage nature of an organization could limit wherewithal to adapt quickly to a fundamental change that impacts its product or process due to inexperience. However, the infancy of some organizations

proven, timing is everything. It would be fortunate if disruptors were serial in their appearance. The fact is that disruptors appear to travel in packs. There can be a compounding effect which may be difficult to manage and, even more, to see from the onset. It can be a challenge for an organization to manage the seesaw effect induced by this dynamic. Every organization seeks homeostasis, or that condition of a system where variables are regulated in order for internal systems to remain stable and relatively constant.

The constancy of homeostasis is not the result of luck. Maintaining a sense of balance, even in the midst of disruption is the product of discipline. Miyamoto Musashi is credited with the following insightful quote: "Really skillful people never get out of time, and are always deliberate, and never appear busy."

Musashi also posits "In strategy it is important to see distant things as if they were close and to take a distanced view of close things." The success or failure of navigating disruption has a great deal to do with perspective. It is the gaining of perspective that is the challenge of many organizations.

HIP HOP: A Multi-Billion Dollar Disruption By Liz Wagner

When we think about marketing and disruptive marketing in particular, research says that a "disruptive" organization has one of two goals. First - design its product or service to match the demand of an emerging market or Second - reshape an existing product on service to meet the demand of customers unsatisfied with the current offering.

With a base of 45 million consumers between the ages of 13 to 34, the spending power exceeds $1 trillion dollars, according to Simmons Lathan Media Group (SLMG). One could say that both goals have been achieved in the world of Hip Hop, which has grown way beyond the urban market.

Never considered music or an art form, Hip Hop was thought of as an urban fad which would not last and would be gone as quick as it came. 20+ years later, we have a full blown culture, music, dance, attitude, style and an entrepreneurship that is changing the face of how business is done. Hip Hop has woven itself into every aspect of everyday life. Whether you are riding in a Sean John Navigator, drinking Vitamin Water, wearing Jay Z athletic shoes by Reebok, wearing Cover Girl make up, watching Poetry on TV or a suspenseful mini drama on Starz. Once

ignored by corporate America, Hip Hop has taken the world by storm through some of the most disruptive marketing strategies that have reshaped the entertainment and retail industries with hip hop inspired products and publicly traded companies.

Most of the success of this culture was started in music where the brands were being built. Russell Simmons is known as the original mogul with products from apparel to cell phones, video games, bank cards, and television productions. It all started in his college dorm room with a $5,000 investment. Today Simmons' net worth is estimated at $325 million. He paved the way for the next generation and today, they are radical, they are creating mystery, and they are rocking the boat and leaving no stones unturned. This culture is about risk. Those artists that are risk takers are owning their own record labels and are not waiting to be signed by one. They are endorsing major products that have international consumers, as well as creating them.

Forbes magazine published an article in May 2014: the Forbes Five, Hip Hop's wealthiest Artists 2014. First, let's take a moment and think about this. Hip Hop

features in Forbes Magazine? That is so powerful of a movement to get recognition at that level. The Forbes Five is a list of individuals who all started as the talent, matching the demand of the market and becoming multi platinum artists while building a brand, and reshaping the industry. They were not just entertainers. Ironically, all 5 started with their own record labels.

- Sean Diddy Combs leads the list with an estimated fortune of $700 million. His business ventures include Bad Boy Entertainment, Sean John, Ciroc Vodka, and recently Revolt TV network.
- Dr. Dre has an estimated net worth of $550 million; he started Death Row Records, signing 2 of the largest top sellers of the early 2000's: Eminem and 50 Cent. Dr. Dre also co-founded The Beats by Dre headphones which were sold to Apple, Inc for $3 billion in May 2014. This deal is said to move Dr. Dre to the number one spot on the list for 2015.
- Jay Z is estimated to have a net worth of $520 million, with ventures starting with Roc-A-Fella Records, Roc Wear clothing, the Brooklyn Nets, and currently Roc Nation Sports.
- Bryan Birdman Williams, CEO of Cash Money Records has a net worth of $300 million. This is mostly due to the record label, which is home to Lil Wayne, Drake, Nikki Minaj, who are some of today's biggest Hip Hop talent.
- 50 Cent is estimated to have a net worth of $140 million. He started G-Unit Records and G- Unit Clothing. He partnered with Glaceau to create Vitamin Water, which when sold to Coca Cola, allowed him to net $100 million. He has books, movies, TV shows and most recently, a new drama series on Starz.

Aside from the business side of the hip hop culture, the artistic side is just as brilliant. Earlier we mentioned mystery, and where mystery leads, curiosity follows. Let's look at a few examples of this marketing strategy and the yielded results.

In 2013, Beyonce released her self-titled album as a surprise. No mention, no marketing, no radio play. There was nothing said or reported. We woke to the album on iTunes; it was purchased without a single radio station playing a song and in 17 days sold over 800,000 copies.

Singer J Cole took a risk with secret shows leading up to the release of his latest album. Teaming up with an app company, he provided a free stream to fans in 8 cities. The fans had to use Google Maps to find the location of the show, having provided only longitude and latitude points. Locations were not released until the day of the show, creating lots of Twitter buzz. 300,000 copies of the album were sold in the first week.

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Jay Z released his Magna Carta, Holy Grail album in a partnership with Samsung, who purchased 1 million digital copies for $5 each to distribute to their users as an exclusive free feature with their product. Samsung gained access to a larger consumer base and Jay Z made $5 million and had a guaranteed platinum album.

What makes these 3 marketing strategies disruptive is that it didn't matter what the project sounded like or if it was good or bad. It was unconventional and created such excitement that their respective fans had to have it without even listening to it. Does it matter if they liked it? Was the artist successful with the marketing campaign?

Once limited to urban music and dance, Hip Hop has become a widespread form of communication. Today, it represents a multi-billion dollar industry that influences everything from auto design, fashion, prime time TV programming, professional sports, mass media marketing to politics. Hip Hop's influence has been credited with driving voter registration and with playing a large role in President Obama's campaigns. As we analyze the role and the importance of innovation, risk, daring to be different, being disruptive and doing the unexpected, Hip Hop is at the top of the list.
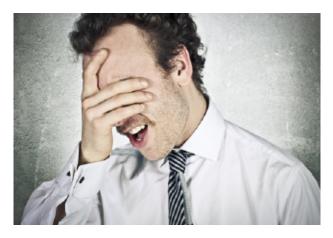
Have you lost your disruptive mind?

By K. Williams

It's early in the morning and I'm driving to work. Despite the people who are out driving before they are fully awake, it is turning out to be a great day. Last night, I read an article about the introduction of a new technology and it caused me to think about how to get ahead of my competition. The specific technology is not an issue. What happened next in my thought progression is most important. Immediately, I began thinking about what new software or hardware I could bring to bear on my problem to edge out my competitors. I knew that I could design and implement a solution that was technically superior to those presented by my competitors. As soon as I realized what I was doing, I hit the (mental) brakes. I suspect this thought pattern is common within numerous organizations, no matter what field of endeavor. After first hearing a problem, the natural inclination is to dive head first into the solution space. If you are a technologist, like me, that solution space is centered on hardware, software and multi-colored blinking lights. If allowed to go unchecked, the result of such thinking might yield a fantastic product with exceptional functionality that is useful to two people, tops.

So, what just happened? A lot of the necessary mental and business process grunt work was skipped in order to achieve a perceived disruptive outcome. This perception was fueled by the motivation to outperform the competition. Let's take it a bit further. The notion of outperforming the competition was viewed (in this scenario) entirely from a tech-centric perspective. Technical prowess is a great way to demonstrate core knowledge and business capabilities but it does not fully account for a company's ability to displace the market share of a

competitor. What is missing? The missing element here is the focus on the audience for whom the new products are being contemplated. Sometimes, in our zeal to compete, we lose sight of the real goal and we tend to engage the problem at the wrong level. Even though the playing board looks the same, there is a big difference when we show up with a bag of checkers and our competition shows up with a bag of chess pieces.

It is fair to tout the technical capabilities of a company to demonstrate core knowledge, but in the end product, the technical emphasis must be downplayed to focus on the overall product appeal to the intended audience. A common example of this thought, goes back to how my morning started. Remember, I'm driving my car to work? Let's decompose this scenario to shine more light on the issue.

Quick Facts

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The (Future) Disruptions

75%
Internet of Things: Everyone is Connected
Amount of the world's population with internet access by 2015.

Source: Harvard Business Review

Rise of the Sharing Economy

The growth multiple of the Sharing Economy by 2025. SE could hit $335 billion. Currently $15b.

Source: PwC

Beyond the Product

The percentage of consumers (globally) that switched brands because of poor service in 2013.

Source: Accenture Global Consumer

33%

Next Q: Trending: Chaos

Organizations look to their industry, competition and customers for new ideas. Sometimes true competitive advantages are found in global, transforming trends which have nothing to do with the current business, but have everything to do with survival. These trends will shape the way business and customers engage. Is your leadership aware?

I have an average car with a few bells and whistles. It has an advanced fuel injection system, but I cannot explain to anyone how that system functions. My car also has an all-wheel braking system that helps me to avoid uncontrolled skidding. Guess what? I cannot explain how that works either. There are a host of other features in my car whose respective functions I cannot explain. I suspect these statements are true for the vast majority of drivers on the road today. Despite our sheer ignorance of these advanced technologies, we are allowed to operate these very complex vehicles. Why? We are all taught to drive our cars by using a very small set of controls and feedback mechanisms that shield us from the vast set of overly complicated technologies behind the veil of the car's firewall. All drivers understand the control mechanisms in the car. We have the accelerator, brakes, steering wheel and gearbox (manual or automatic). For feedback, we have the dashboard, windshield and mirrors. Despite the fact that we know how to use these very simplistic controls and interpret the feedback cues, this allows drivers to comfortably drive our cars and remain totally oblivious to the technology details at work behind the scenes. So, let's hit the brakes again and take another look at our disruptive approach.

We just detailed a very valuable lesson about attempting to upstage a competitor by taking a one dimensional approach to the problem. When attempting to attract more customers to our products, we have to offer new and appealing functionality, but it must be presented in a fashion that is intuitive to understand and use. In short, our products can perform absolute technical magic for the customers, but the magic need not be revealed on the surface of the product. The technology must be buried into the core offering while fashioning for simplistic controls for the product users.

People use lotions with a high Sun Protection Factor (SPF) when they are going to be exposed to harmful sunrays. Many products on the market that expose customers to excessive technology details may require a new lotion with a high Technology Protection Factor (TPF) in order to get past the details required to properly get utility from

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many high-tech products on the market today. This is not a desirable feature of any modern product if the goal is to overcome our competitor's market edge.

Disruption need not require us to completely change the product landscape. It may, however, require us to understand what motivates the set of customers we intend to address. Understanding and addressing those needs and presenting solutions that meet the expectations and do not intellectually frustrate the customers are great considerations. So, pump the brakes one last time. In the grand scheme of things, when the customer sees your product on the shelf next to your competitor's product, the decision to buy yours may not be based on all of the great new built-in electronic features. It may be that your product, while significantly less functional, comes in the color red.