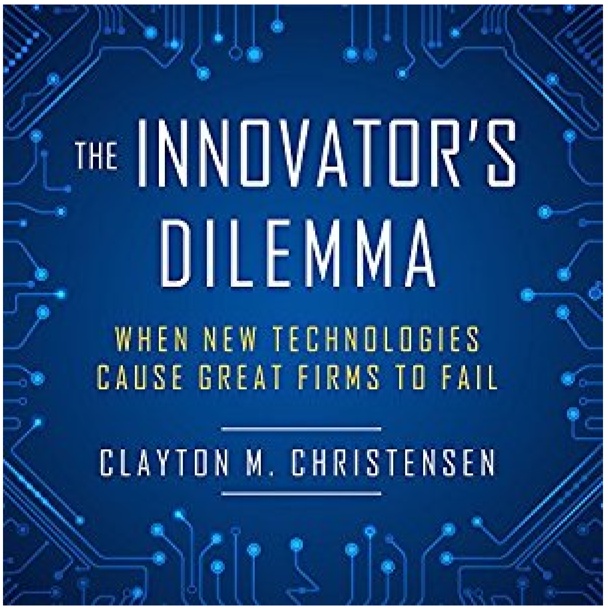
The Innovator's Dilemma: When New Technologies Cause Great Firms To Fail



Synopsis

His work is cited by the world’s best-known thought leaders, from Steve Jobs to Malcolm Gladwell. In this classic best seller - one of the most influential business books of all time - innovation expert Clayton Christensen shows how even the most outstanding companies can do everything right - yet still lose market leadership. Christensen explains why most companies miss out on new waves of innovation. No matter the industry, he says, a successful company with established products will get pushed aside unless managers know how and when to abandon traditional business practices. Offering both successes and failures from leading companies as a guide, The Innovator’s Dilemma gives you a set of rules for capitalizing on the phenomenon of disruptive innovation.

Book Information

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Customer Reviews

The dilemma laid out in this book, the management challenges it provokes and the various responses by organizations are well laid out and thought provoking.It could use an update where Tesla both validates some of the hypotheses in the section on electric vehicles, yet is disruptive not by being cheaper but by moving to a market that could appreciate a higher priced vehicle - high performance luxury cars, and now attacks the mainstream market by moving down instead of the conventional moving upmarket. This leads me to think that the book has some key concepts right, but needs to relax some of its self imposed constraints for a full, general description.

Using data from various industries, this book discusses dilemma between sustaining and disruptive innovation.Most technological companies drift up-market, improving technology for increasingly high-margin customers. This is sustaining innovation. It can be hard, but if you continue to serve the same market, return on investment is predictable. Sustaining innovation creates vacuum at the low end, and entrants fill it with new technologies, not as capable but better in other ways - simpler, more reliable, suitable in different environments, and typically cheaper up-front. This is disruptive innovation. When a working low-end business model is found, products start to improve until they meet demands of mainstream customers. At this point, being cheaper, or simpler, or more reliable, new technologies win.The entrants often fail, but the wins can be huge. For sustaining innovation, being the first with new technology is not very important - you can serve the same market with incremental improvements to the previous technological generations for a while. For disruptive innovation, the first companies often take it all. They fly below the radar for a while, polishing the processes, and as soon as product is ready for mainstream, they can win overnight. So with more risk of failure, and more to gain, disruptive innovation might be attractive, statistically.Sure smart management will invest in disruptive innovation, then? In fact, engineers at big companies often do have prototypes of disruptive technologies done before anybody else, it just must be marketed. But then, CEO has to decide between sure increase of bottom line next year using sustaining innovation, or betting on a project that might fail, and even if it succeeds, bringing very small revenue initially. Even if top management decides to bet, it is middle managers and sales people who determine resource allocation on a daily basis, and they also prefer sure bonus this year to uncertain huge win 5 years from now, so disruptive projects usually don't get much attention. Everybody waits until disruptive technology matures enough to serve existing markets, while new companies at eating into those existing markets. There were big companies that successfully brought disruptive products to market, but it requires constant attention of CEO for months. In a sense, the capabilities that allow big companies to operate in their current established markets are liabilities when trying to find new markets.The solution suggested in the book is creating independent organizations. It can be a complete new company, or it can be a different office, but that organization must be "independent from normal resource allocation process" of mother company, and be judged on how well it can find and grow new market for the disruptive technology. It also suggests that all plans must be plans for discovery of market ("experts' forecasts will be wrong") and therefore be based about inexpensive experiments into new markets and provide for quick change of course if necessary.The biggest concern about this book is that despite having charts everywhere, it is still more about intuitions rather than any mathematical models. It does mention that company profits can increase as competitions grab low-end market, and it does mention companies that continue to hold nice high-end market after middle-end is occupied by new technology, so decisions are not obvious. There is also a case study of one possible innovation, electric cars, but it only say that their performance is not suitable for mainstream on all metrics (it was before Tesla made it to 60 in 4 seconds) and is increasing faster than market demands. By that criteria, every company should invest in pretty much any new technology. I would have hoped for a more detailed analysis here, but it could be too much to ask from a book that was first to even bring up the innovators dilemma.

What is disruptive technology? How can your company successfully recognize and approach disruptive technology? These are the questions this book will answer for you. Based on sound logic and decades of research the author walks the reader through the process of disruption and why it is so difficult for a large company to successfully lead with disruptive technology. This is a must read for anyone looking to evaluate how likely their technology is to disrupt or be disrupted.

This was an interesting and thoughtful review of diverse technologies and specifically tackling the problem of how to innovate when it cannot be proven what the next technology will be. I appreciated the attempt to make the data more universal. I didn’t give it four stars yet, mostly because I want to wait to see if I can use the approach in a positive manner. Nevertheless, it is worth the read.

Cases are very informative, applied in various industries.A book that every manager should carefully read.Don’t listen to customer, watch what they actually do with the technology. "Disruptive" is often attributed at smaller, simpler, more convenient, lower price tag.

Good book for anyone who wants to venture into entrepreneurship or just see the pitfalls of sustaining and disruptive technologies/corporationsIts interesting that this book is 10+ years old but year after year companies fall victim to the same mistakes and pitfalls as the ones before them.I was recommend by a friend and it is a great read will definitely give you a new perspective. Lots of notes in the appendix to back up the data being stated.

A very good book for those who wants to get some more idea and awareness in the cruel business world.It is an essential book for one who is starting own business.Worth $16 anyway.I used this book as a reference for my course.

The book is really giving different approach and view on the disruptive technology which comes regularly in many industries and cause big shifts in the market and among the players in it. There are very interesting examples from the past which confirms the theory. A good point also for giving real and clear way how to check and recognize disruptive product and change.