



Technology-based Business Transformation

ESD.57 – Fall 2007

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Society

Business

Technology

Class Project

- *Clearly articulate the overall vision. What is the essence of the disruptive innovation? How will project change the landscape in its industry over time?*
- *Spend bulk of the time working out overall implementation of first phase(s) of the project, including development, sales channels, and marketing plan.*
- *Convince us that you both have a compelling strategy and that you have the ability to execute your first phase in a timely manner.*
- *Write short paper – no more than five pages, - summarizing overall strategy and execution plan. e-mail paper to me and Sung Joo Bae by Tuesday, November 27.*
- *Final class presentation and discussion – 30 minutes each – on November 29 and December 6. We will pick presentation order at random in next class.*

By October 18 – Submit 1 -2 page

- Analysis
- Creativity
- Design
- Development
- Holistic thinking
- . . .

Final Class Project Presentations – November 29

- 1 Bharat Bhushan, Rakesh Sahu – Renewable Petroleum
- 2 Kenfield Griffith – Disruptive Technologies in Architecture
- 3 Geoff Ashworth, Satwik Seshasai – Web 2.0 Innovation for Energy Industry
- 4 Ratandeeep Bhattacharjee, Praveen Mathur, Christian Stanton – IPTV Technologies
- 5 Timothy Aykroyd, Melvin Chiang, David Kim – On Demand Color Images and Photos
- 6 Ankur Sinha – Health Care Industry Transformation

Final Class Project Presentations – December 6

- 7 Asad Rehan – IMS based Transformation of Telecom Industry
- 8 Ragu, Bharadwaj, Garrett Dodge, Michael Johnston – RFID based Disruptive Innovation
- 9 James Xiao – Mobile Cardiac Outpatient Telemetry
- 10 John Baker, Arthur Mark – Disruptive Data Mining
- 11 Neelesh Pai – US Entry of Low Cost Tata Car

Class Overview

- Technology-based innovation and business survival
- Formulating a market strategy around a new, disruptive, complex technology
- Executing a multi-faceted strategy in the marketplace
- Organizational and cultural Issues
- Class project presentation and discussion

IBM's e-business Strategy: Organizational and Cultural Issues

- Build a company-wide virtual organization
 - For transformative, company-wide initiatives, it is best to have a relatively small full time core team coordinating activities across the different functions in the organization
 - After the initiative has taken hold in the company, the virtual team should dissipate and its functions integrated back into the overall organization
- Be inclusive of as much of organization as possible
 - Other parts of the organization will likely not support the new disruptive initiatives at first, especially if they are not involved and feel excluded
 - The more everybody feels part of the new initiative, the more they will support it and help it succeed

IBM's e-business Strategy: Organizational and Cultural Issues

- Sell the strategy “outside-in”
 - People will believe what they read in newspaper , magazine articles and other external sources more than internal communications
 - Make sure external marketing and communication activities receive wide internal visibility

- Internal communications and education
 - Don't underestimate the need to explain new initiatives, educate people on what it is all about, their role in it - over and over and over

- Nurture core supporters
 - Leverage the passion and commitment of strong core supporters and “evangelists” in convincing others about the value of strategy
 - Often, strongest supporters will be those with strongest external connections – technical community, research, . . .

Role of senior executives in leading new growth

- How should senior executives allocate their time and energy across all of the businesses and initiatives that demand their attention?
- How should their oversight of sustaining innovations differ from their mode of management in disruptive situations?
- Is the creation of new growth businesses inherently an idiosyncratic, ad hoc undertaking, or might it be possible to create a repeatable process that successfully generates wave after wave of disruptive growth?

The Innovator's Solutions

– *Clay Christensen and Michael Raynor*

Organizational capabilities for disruptive innovation

Text removed due to copyright restrictions.
Quote from book below, stating that many innovations fail because the managerial strategies in place during stable times are not appropriate for handling disruptive change, and can often stifle these ideas.

Meeting the Challenge of Disruptive Change
– *Clay Christensen and Michael Raynor*

Role of senior executives in managing innovation

- Actively coordinate action and decisions when no processes exist to do the coordination
- Break the grip of established processes when a team is confronted with new tasks that require new patterns of communication, coordination and decision making
- Create processes to reliably guide and coordinate and coordinate the work of employees when recurrent activities and decisions emerge in the organization
- Stand astride the whole organization to ensure that useful learning from the new growth businesses flows back into the mainstream, and to ensure that the right resources, processes and values are applied as needed

The Innovator's Solutions

– *Clay Christensen and Michael Raynor*

Creating a growth engine for disruptive innovations

- Start before you need
 - Best time to invest is when company is still growing
 - Pressure to get big fast forces ventures to do many things wrong
- Appoint a senior executive to oversee disruptive innovations
 - Monitor the resource allocation process
 - Decide which corporate processes do and do not apply
 - Keep communications flowing across disruptive-sustaining boundary
- Create a team and processes for shaping new ideas
 - Responsible for shaping ideas to fit the litmus tests of disruption
 - Ensure that each action is appropriate to the circumstance
- Train the troops to identify disruptive ideas
 - Engineers, marketing and sales people closest to the market need to know what to look for
 - Learn to identify which new ideas should be treated as potentially disruptive, which are potentially sustaining, and which are neither

Culture

Text removed due to copyright restrictions.

Quote from book below, positing that the culture of an enterprise, in any field, is what determines whether it will fail or succeed.

An enterprise must not only make use of things like vision, strategy, and so forth, but must embody them in its culture.

Who Says Elephants Can't Dance? - Lou Gerstner

Culture

- Most companies say their cultures are about the same things – outstanding customer service, excellent, teamwork, shareholder value, responsible corporate behavior and integrity.
- Most of the really important rules [of culture] are not written down anywhere.
- Successful institution almost always develop strong cultures that reinforce those elements that make the institution great.
- When that environment shifts, it is very hard for the culture to change. In fact, it becomes an enormous impediment to the institution's ability to adapt.

Culture

Text removed due to copyright restrictions.

Quote from book below, stating that as a manager, one can't change the attitudes and culture of a company's workers just by telling them to do so; one must provide incentives, redefine goals and "marketplace realities," and then trust that the culture will change itself accordingly.

Who Says Elephants Can't Dance? - Lou Gerstner

Required Behavioral Change

From

To

Product out (I tell you)	Customer in (in the shoes of the customer)
Do it my way	Do it the customer's way: provide real service
Manage to morale	Manage to success
Decisions based on anecdotes and myths	Decisions based on facts and data
Relationship driven	Performance-drive and measured
Conformity - politically correct	Diversity of ideas and opinions
Attack the people	Attack the process - ask why not who
Looking good vs doing good	Accountability
US (Armonk) dominance	Global sharing
Rule-driven	Principle-driven
Value me (the silo)	Value us (the whole)
Analysis paralysis (100+%)	Make decisions, move forward – 80/20 rule
Not Invented here	Learning organization
Fund everything	Prioritize

Transforming the Organization: Leadership Competencies

- **Win:** It was vital to understand that business is a competitive activity. There are winners and losers. We needed to make the *marketplace* the driving criterion for all of our actions and all of our behavior.
- **Execution:** This was all about speed and discipline. No more studying things to death. In the new IBM, successful people would commit to getting things done – fast and effectively.
- **Team:** This was a commitment to acting as one IBM, plain and simple.

Who Says Elephants Can't Dance – Lou Gerstner

Declaring a Moon Shot

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Quote from book below about declaring e-business a "moon-shot" for their business, a "galvanizing mission" that redefined their culture, goals, and outlook.

Who Says Elephants Can't Dance? - Lou Gerstner

Fundamentals for Successful Strategies: *Focus*

- **Steely-eyed strategies**
 - A successful, focused enterprise is one that has developed a deep understanding of its customers' needs, its competitive environment and its economic realities
- **Intelligence wins wars**
 - Perhaps the most difficult part of good strategy is hard-nosed competitive analysis
- **Good strategy: long on detail**
 - The most important value-added function of a corporate management team is to ensure that the strategies developed by the operational units are steeped in tough-minded analysis, and that they are insightful and actionable
- **Allocating resources**
 - The hardest thing for companies to do is making sure that resources are applied to the most important elements of the strategy

Fundamentals for Successful Strategies: *Execution*

- People respect what you inspect
 - Execution is all about translating strategies into action programs and measuring the results. It's detailed, it's complicated, and it requires a deep understanding of where the institutions are today and how far away it is from where it needs to go
- World class processes
 - The best companies in an industry build processes that allow them to outperform their competitors
- Strategic clarity
 - Companies that out-execute their competitors have communicated crystal-clear messages to all their employees: *this is our mission; this is our strategy*
- High performance culture
 - Superb execution is about doing the right things faster, better, and more often, and more productively than your competitors do

Fundamentals for Successful Strategies: *Personal Leadership*

- The best leaders create high performance cultures – they set demanding goals, measure results and hold people accountable
- Personal leadership is about visibility – with all members of the institution
- Personal leadership is about being both strategic and operational
- Personal leadership is about communications, openness, and a willingness to speak often and honestly
- Most of all, personal leadership is about passion

Overall Summary

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Overall Summary

- Businesses must innovate continuously especially in times of rapid change – else they will fade away
- New major technologies can help companies achieve or regain a leadership position if the proper market strategy is put in place
- Execution is critical and very difficult because of all the factors that go into it and have to work together
- Organization buy-in is probably the key ingredient to be successful, especially with a complex, transformative market strategy



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