Four Ways to Protect Against Disruptive Technology

As a follow up to last week's blog on disruptive technology, I wanted to talk about ways of getting around the mentality that causes successful firms to be blindsided. (On a side note, I just watched the movie The Blind Side again and it's a great analogy to what can happen in business). Blockbuster's blind side tackle was being a step off and letting Netflix sack them.

So what is it we need to be looking out for so this doesn't happen to us? There are companies going under every day who appear to have done all the right things.

To begin with, you need to understand that there is a difference between sustaining technological change and disruptive change. In sustaining change, the existing companies continue to invest and improve their products and it's hard for new companies to break through to these leaders. Disruptive changes come from new entrants that use disruptive technology to find new markets that can sustain growth. The existing companies may have thought this disruptive technology was "cool" but their customers didn't want it at that moment, so someone else came along and ran with it.

This is the type of technological change you want to protect your blindside againt: the "cool" stuff that you can see being viable, but disregarding for the time being because the bulk of your clientele isn't interested.

According to Clayton Christensen, author of *The Innovator's Dilemma*, there are 4 things managers can do to deal with disruptive technology:

First, proper resource allocation is essential. Determining which projects get money and which don’t can be grueling. The projects that do receive resources have a solid chance of succeeding, while the ones that don’t will likely fail, and this is where disruptive technology sneaks in. If you don’t allocate resources to *some* kind of R&D, the cool stuff might come back to bite you.

Second, it is best to have organizations prepared to handle disruptive technology. You can set them up on a smaller scale and match them up to the markets and customers that need them. By keeping it small, flexible and exploratory, they can appreciate the small wins and not get hung up on huge profits right away.

Third, failures are a given in new markets since they lack any significant history to research, so be prepared. Seasoned managers will generally avoid this scenario, so seek out the entrepreneurial types to lead these organizations. They will have the drive to explore and fail, just be sure to give them the freedom to do so.

Fourth, and last…locate new markets that will appreciate the disruptive technology that your primary customer base doesn’t welcome. Start out small, then grow those markets and see where they take you. Over time they could mature to a point that your primary customer base might begin to find them useful.

Are you prepared to protect your blind side so you don’t get sacked?