

THE INNOVATOR'S SOLUTION

Creating and Sustaining Successful Growth

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The web site for this book is at www.theinnovatorssolution.com.

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MAIN IDEA

The capital markets demand that all companies should grow by commercializing new innovations. Those companies which achieve this are rewarded spectacularly, yet in practice only one company in ten is able to deliver consistent and profitable growth. Why? It's not because they don't have good ideas or good managers, but because most companies actually end up unwittingly watering down the disruptive potential of their most creative new business ideas.

The Innovator's Dilemma

Innovation

The Innovator's Solution

The innovator's dilemma is that when industry leaders focus too closely on their most profitable customers and businesses, they can miss seeing the potential of disruptive new innovations that can create new growth markets from scratch.

The solution to this dilemma is for companies to become skilled at creating and harnessing these disruptions themselves to grow new businesses that take advantage of disruptive innovations. This requires aligning every resource to support the overall disruptive initiative.

Pages 2 -

There are nine important decisions managers must make to succeed in creating growth:

The Innovator's Solution

The 9 Key Questions

- 1 How can we beat our most powerful competitors and gain the upper hand?
- 2 What products should we develop that our customers will be willing to pay for?
- 3 Which initial customers should we target in order to build a viable business?
- 4 Which development activities should we do internally and which should we outsource?
- 5 How can we maintain a competitive advantage and avoid becoming a commodity?
- 6 What is the best organizational structure for this new business venture?
- How can we develop the most effective business strategy for this opportunity?
- 8 What would be the best sources of funding for this product innovation?
- 9 What will be the role of the senior business leaders in developing this innovation?

The key to success lies in making each of these decisions in a way that will improve rather than reduce the probability of success. When good decisions are made in each of these areas, the manager's actions will become a driver of success rather than an impediment.

2. An Innovation Template

Pages 7 - 8

Irrespective of the industry or even the business era, new product innovations that are disruptive follow a pattern which is notably consistent. To develop your own solutions to the innovator's dilemma and create growth, work your way through this 13-step template.

The Innovator's Dilemma

The Innovator's Solution

Look for a disruptive foothold

Be patient about growth

2 Compete against nonconsumption

Be impatient to make a profit

3 Always target low-end disruption

Live with ambiguity

Forget "educating" the customer

Find new line managers

5 Segment by customer utility

- Look at your channel companies as well
- 6 Never assume competitors won't respond
- - 8

- Never assume competitors won t respon
- Focus on resources, processes & values

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