

THE WAYS TO NEW

STRUCTURAL
DISRUPTION

MARKET-DRIVEN
DISRUPTION

SUSTAINABILITY-
DRIVEN
DISRUPTION

ANTICIPATED
DISRUPTION

ADDED SERVICE
DISRUPTION

REVERSE
DISRUPTION

BRAND-LED
DISRUPTION

BUSINESS MODEL
DISRUPTION

ASSET-BASED
DISRUPTION

PARTNERSHIP-LED
DISRUPTION

DATA-DRIVEN
DISRUPTION

OPEN
DISRUPTION

USAGE-BASED
DISRUPTION

RETAIL-BASED
DISRUPTION

PRICE-LED
DISRUPTION

15 PATHS TO DISRUPTIVE INNOVATION

Jean-Marie Dru

WILEY

THE WAYS TO NEW

**15 PATHS TO
DISRUPTIVE INNOVATION**

Jean-Marie Dru

WILEY

Cover design: Jean-Marie Dru

Copyright © 2015 by TBWA Worldwide. All rights reserved

Published by John Wiley & Sons, Inc., Hoboken, New Jersey

Published simultaneously in Canada

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the Publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923, (978) 750-8400, fax (978) 646-8600, or on the web at www.copyright.com. Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, (201) 748-6011, fax (201) 748-6008, or online at www.wiley.com/go/permissions.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor the author shall be liable for damages arising herefrom.

For general information about our other products and services, please contact our Customer Care Department within the United States at (800) 762-2974, outside the United States at (317) 572-3993 or fax (317) 572-4002.

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media such as a CD or DVD that is not included in the version you purchased, you may download this material at <http://booksupport.wiley.com>. For more information about Wiley products, visit www.wiley.com.

Library of Congress Cataloging-in-Publication Data:

Dru, Jean-Marie, author.

The ways to new : 15 paths to disruptive innovation / Jean-Marie Dru.

pages cm

Includes bibliographical references and index.

ISBN 978-1-119-16797-6 (cloth); ISBN 978-1-119-21183-9 (ePDF);

ISBN 978-1-119-21182-2 (ePub)

1. Creative ability in business. 2. Technological innovations. 3. New products.
4. Organizational change. 5. Strategic planning. I. Title.

HD53.D78 2016

658.4'063—dc23

2015029533

Printed in the United States of America

To Marie-Virginie

DISRUPTION[®] is a trademark owned by TBWA since 1992.

It is registered in 36 countries including the European Union, United States of America, Russia, India, Japan for services that encompass not only advertising, marketing, digital, and communication activities but also business consulting services, books, education, and training to quote just a few of the activities covered.

Foreword

If there is one phrase that I cannot stand today, it is “flat is the new up.” Imagine setting yourself the target of drawing every game in a season. What a depressing mind-set.

Luckily, I have had the good fortune to surround myself with people who are dreamers, creators, and innovators. One man stands at the top of that field, Jean-Marie Dru, the original thinking man, who gave the business world the theory and practice of Disruption®.

Today and in the future some may find growth difficult. For extraordinary results one cannot take incremental steps. As Jean-Marie explains, “we must innovate in the way we innovate.” In his new book titled *The Ways to New*, Jean-Marie has identified and detailed a series of paths that can lead companies to make a difference through innovation.

We are living in a world highly dependent on innovation. When President Xi Jinping was asked about what would be critical for the long-term future of China, he answered: “Innovation, innovation, innovation.” In this context where innovation is increasingly decisive in the competition between companies, industries, and countries, it is key to use all available means in order to increase your success ratio.

True to the spirit of Disruption® that has been at the heart of our company for 25 years, you won’t find a formula within this

book that is the cure-all for discovering and creating innovation. There is no miracle process. Disruption[®] works through repetition, optimization, and approaching a problem with as much stimulus and inspiration at your side as possible.

Through a thorough exploration of some of today's most striking success stories, you can find new ways to inspire others to think differently about innovation.

This is what *The Ways to New* is all about. Enjoy.

—Troy Ruhanen
President and CEO, TBWA\Worldwide

Introduction

Why Marketing Should Drive Innovation

There was a time when marketing directors used to play a leading role in corporate hierarchies. That should never have changed. Because, quite simply, the role of marketing is to create growth. Organic growth: the only growth that really matters. Acquisitions may be strategic. But in the end, it is the growth of existing business that counts.

As a discipline, marketing has been through a difficult phase since the heady days of the eighties and nineties. Its importance has declined. People have grown wary of it. To such an extent that only a few years ago, marketing directors kept their jobs for barely two years on average. That can't be right.

According to management consultants Spencer Stuart, things have improved a bit. But many chief executive officers are still not entirely trusting of their chief marketing officers. That makes the latter's job harder. Even though that job consists of helping devise the company's overall strategy.

So a gap has formed between the importance of marketing, which is vital, and the way people see it. This is not healthy. Peter Drucker states the matter very plainly in his *The Practice of Management*, "Because the purpose of business is to create a

customer, the business enterprise has two—and only two—basic functions: marketing and innovation. Marketing and innovation produce results: all the rest are costs.”¹

That tells us just how crucial marketing is. I would add that marketing and innovation should be seen as inseparable disciplines. The one strengthens the other. They are two sides of the same coin.

The Disruption[®] methodology makes them even more closely connected. Disruption[®] bridges the gap between marketing and innovation. On the one hand, it helps increase brand consistency and brand value. And on the other, it provides marketing teams with a tool, inasmuch as it gets them to see innovation as being an integral part of their job. This book is about this particular aspect of our method: how Disruption[®] can help marketing drive innovation.

The first part lays out the basic principles of our approach. The heart of the book lies in the second part, which describes fifteen paths to innovation. Any company, whatever its size, whatever the field, can use any of them to renew the way it innovates. The final part then reconsiders Disruption[®] as a whole and shows how Disruptive Brand Building can play an even larger part in the future.

(If you are only interested in case stories in disruptive innovation, go to Chapter 4.)

Contents

<i>Foreword</i>	<i>Troy Rubanen</i>	<i>ix</i>
<i>Introduction</i>	<i>Why Marketing Should Drive Innovation</i>	<i>xi</i>
PART ONE	DISRUPTION AND INNOVATION	1
Chapter 1	Disruption and the Innovation Deficit	3
Chapter 2	Disrupt the Way You Innovate	7
Chapter 3	Disruption in Practice	13
PART TWO	DISRUPTIVE PATHS TO INNOVATION	19
Chapter 4	Open Disruption	21
Chapter 5	Structural Disruption	29
Chapter 6	Asset-Based Disruption	41
Chapter 7	Reverse Disruption	47
Chapter 8	Sustainability-Driven Disruption	53
Chapter 9	Revival-Based Disruption	63

Chapter 10 Data-Driven Disruption	69
Chapter 11 Usage-Based Disruption	77
Chapter 12 Price-Led Disruption	83
Chapter 13 Added-Service Disruption	89
Chapter 14 Partnership-Led Disruption	97
Chapter 15 Brand-Led Disruption	103
Chapter 16 Insight-Driven Disruption	111
Chapter 17 Business Model Disruption	121
Chapter 18 Anticipation-Driven Disruption	131
 PART THREE DISRUPTIVE BRAND BUILDING	139
Chapter 19 Disruption Strategy	141
Chapter 20 Disruption Live	149
 <i>Conclusion</i>	157
<i>Disruption What Ifs</i>	161
<i>Exhibits</i>	165
<i>Acknowledgments</i>	175
<i>References</i>	177
<i>Bibliography</i>	189
<i>Index</i>	191

PART
ONE

**DISRUPTION AND
INNOVATION**

CHAPTER

1

Disruption and the Innovation Deficit

The Innovation Deficit

Newspapers and business books have long focused on the digital revolution: on the start-up phenomenon, on the rise of nanotechnology and biotechnology, on scientific breakthroughs such as in health care. Innovation, it seems, is everywhere. But the few truly innovative corporations that have come into existence hide the facts. People lump them together with the rest of the industry, over which they may cast a rosy halo. The truth is that many companies, especially those born before the digital revolution, are proving unable to innovate fast enough.

The problem is in the implementation. Research and development guidelines often seem too conventional. They limit rather

than open up possibilities. Many companies are hostages to management systems, schemes, and procedures set in stone. You only need to look at the insufficiency of their organic growth.

A.G. Lafley, Procter & Gamble's former chief executive officer, has made a list of all the innovations launched by his company in the last decades, carefully distinguishing between incremental and disruptive innovation.¹ The latter are a minority but they generate more profit than incremental innovations do. Incremental innovations remain essential because they feed a continuous flow of new revenue streams, but they are insufficient, very insufficient. They do not ensure that a company will remain successful over the long term. Only disruptive innovation allows companies to stand the test of time.

Even Procter & Gamble, which ranks among the world's most innovative corporations historically, has only launched two truly disruptive innovations in recent years: Swiffer and Febreze. What about other companies? A 2011 report from Booz & Company² underlines that the two sectors most heavily invested in research, automobiles and health care, can boast almost no disruptive innovations at all (other than the electric car). The pharmaceutical industry is struggling to innovate. Fast-moving consumer goods companies are suffering from a lack of breakthrough products. As to high-tech industries, the story is obviously different. Their latest inventions constantly make the headlines. They are transforming the business world forever. Yet, they only account for 20 percent of industrial and commercial activity. They alone cannot compensate for the insufficient pace of innovation of business as a whole.

Every year, thousands of scientific articles report on some of the millions of patents registered around the world. But the proportion of these inventions that actually come to market is very low, no more than 5 percent according to official sources. And we seem incapable of increasing the rate of success. So a solution would be

not to try and improve the percentage, but to increase the size of the sample: the cent in percent. In other words, we need a much wider base of ideas.

To do this, we will have to find new sources of inspiration. New doors need to be boldly opened. Different experiments and experiences need cross-fertilizing. A diversity of talents must be brought together. Intuition must be encouraged to speak. Bountiful encounters must lead to unexpected ways of thinking. This is the very essence of Disruption.

As Frans Johansson puts it in *The Medici Effect*, “Quantity of ideas leads to quality of ideas.”³

Disruption Methodology

The term *disruption* has become hackneyed. Twenty years ago, it was the term we found to define a methodology. Then the business world appropriated it and gradually changed its meaning. Today, people use the word *disruption* to describe start-ups offering lower product prices through new technology. And it is true that digital newcomers can often radically upset the market, constituting a serious threat to existing players.

However, I cannot agree with this definition of Disruption. It is too restrictive. I prefer our original sense. Disruption is not just a way of defining how start-ups clear the decks in any given sector. Disruption concerns all types of businesses, in the broader definition that we shall use in this book, at any rate. To us, Disruption® is a specific, three-step method: Convention, Vision, and Disruption.

Invariably, we start out by challenging existing conventions, ways of thinking and doing, based on preconceived ideas and deep-rooted habits. From there, we try to come up with a vision, a new way for a brand or company to define its future. And only

then do we have Disruption, “the idea that will accelerate our journey from challenging convention on the one hand to renewed vision on the other.”

From the earliest days, it became apparent that Disruption, in this sense, would prove relevant to advertising, marketing, business models, and even new product development. Think of it as a series of concentric circles: at the center sits the product; then comes the business model; and at the outer edges stand marketing and advertising. Electric cars are a disruptive innovation. iTunes is a disruptive business model, as are Amazon, Ikea, and Airbnb. I consider Southwest Airlines and The Body Shop to be marketing disruptions. And Old Spice and Red Bull are advertising disruptions. In other words, it is possible to be a “disrupter” at any level. The closer Disruption comes to the center of the circle, which is to say the business model or even the product, the stronger it will prove.