



The employee's dilemma | The Xpragmatic View



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In a competitive business environment, safeguarding the continuity of the company often requires starting initiatives that will result in a fundamental discontinuity for the social structure of the organisation. Do we have a choice?

The Innovator's Dilemma

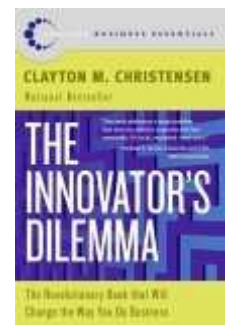
Last week, while rearranging some stuff, we rediscovered "The Innovator's Dilemma" by Clayton Christensen. The first publication of this bestseller already dates back to 1997, but the findings still hold true.

For those who are unfamiliar with the book, in "The innovator's dilemma", Christensen explains why the emergence of so-called "disruptive" technology often is the basis for the failure of market-leading firms.

The main reason for this is that at the moment of the introduction of such new technology, there is no reason why these companies would use it. Indeed, in those early stages, the price/performance characteristics of the new technology do not match at all the requirements of their existing customers. As a result, these companies continue improving their existing technology since that is the most sensible approach while addressing these customers' needs.

Unfortunately, new entrants will appear who will find new target markets where this disruptive technology can be deployed in a cost effective way.

Initially, this does not represent a threat for the established firms. However, very often, this new technology allows for a far greater and faster improvement of the price/performance characteristics compared to the old technology. Finally, the capabilities of this new technology will exceed the possibilities of the older technology, which will allow attacking and conquering the home markets of the market leaders.



The Innovator's Dilemma
 When New Technologies
 Cause Great Firms to Fail
 Clayton M. Christensen

Continuity by discontinuity

In "The Innovator's Dilemma", all of this is explained in a very detailed way with numerous examples of various industries. In addition, Christensen also explains how established companies should try to address this risk.

According to Christensen, while being faced with the emergence of new disruptive technology, established companies must set up a separate, dedicated entity that will try deploying this technology in new target markets. This entity must be given the necessary independence and the resources that allow building an organisation that is appropriate for the specifics of this new

target market.

Overall, we do think that Christensen's analysis is very correct. However, while the suggested approach might safeguard the continuity of the "company" itself, it will not safeguard the continuity of its social structure.

Indeed, in practice, this suggested approach is nothing else than a well-planned process of self-destruction and re-creation. Be it that this new entity will be somehow part of the company, it will really be "another" company with a different business model and a clearly different skill set and mindset.

However, the main part of the revenue still has to be generated by the "old" part of the organisation. Therefore, in that part of the organisation, employees still must be guided and motivated towards further improving the traditional technology and serving the traditional markets. Unfortunately, this is a dead end road. The company itself has started the process that is deemed to wipe out the present business model.

As said, for the company itself and for its shareholders, this is a desired process of self-destruction and re-creation. However, for the majority of the employees, this evolution will be less desired. For most of them, there will be no room in the "new" company.

Therefore, the luxury of continuity seems to be an illusion for the average employee. An ongoing process of company change seems to become the rule. Not everyone will be pleased with the idea. Do we have another choice?

About the author



Marc Buyens is analyst, management consultant and owner of Xpragma. Marc started Xpragma in 1999 after a 20+ years career in the IT sector. Today, he provides advice, training and mentoring services focusing on the intersection of technological evolution, organisational change and business strategy: a messy world of unfulfilled promises.



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