



Winnovation

BY ROWAN GIBSON

Conquering denial

Sometime over the next decade (if it hasn't happened already), your company will be challenged to change in a way for which it has no historical precedent.

Look around the world today and we see entire industries whose business models have gone belly up. The pharmaceutical industry has a fundamentally broken business model. The global grocery business has an imperiled business model. The traditional airline industry is struggling with an out-of-date business model. The insurance industry, the travel agent industry, the music industry and the movie industry have anachronistic business models. This is a situation that most companies have never faced before.

Whilst some firms may have become adept at reinventing their products and services over the years, very few organizations have any experience in completely reinventing who they are, who they are serving, how they are serving and what their industry is. They simply have no history of that kind of fundamental innovation. That's why – almost in a heartbeat – a lot of companies come unstuck. When the need for deep, fundamental change arises, most industry incumbents are simply not ready for it.

For example, was Detroit ready for the Japanese back in the 80s? Was Xerox ready for Canon? Was Coke ready for Red Bull or Starbucks? Was

the BCC ready for CNN? Was Kodak ready for the digital camera – and the camera-phone? Was Microsoft ready for Linux, or Google? Was Barnes & Noble ready for Amazon? Were the world’s telecom companies ready for Skype?

The burning question you therefore need to be asking yourself right now is, Will our company be ready? Will we be able to make a radical shift from where we are to where we could or should be? Have we developed a slew of promising new strategic options from which we can choose? Are we already experimenting with alternative sources of profit on which to build our company’s future? Do we have the kind of people in our top management and throughout our organization who are open to these new possibilities?

In other words, **are we already committing enough of our energies to deep innovation and strategic renewal? Or are we going to sit there in denial for a decade and go through some “Valley of the shadow of death” experience before we wake up and say, “Okay, maybe we have to change here.”?**

Don’t wait till your industry has been turned on its head, your business model has been undermined, and powerful competitors – either aggressive newcomers or innovative incumbents – are already eating your lunch. Instead, you need to be thinking seriously, right now, about developing a deep capability for radical innovation and ongoing strategic renewal. It’s the only way to guarantee any hope of surviving – and winning – in the new Innovation Economy.

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Rowan’s books have been translated into over 20 languages. His new book Innovation to the core (co-authored with Peter Skarzynski) will be published in March 2008 by Harvard Business School Press. He may be contacted at rg@rowangibson.com