Disruptive vs Sustaining Innovation

Steve Morris
Oregon Technology Business Center

Slides: otbc.org/tools
What is a disruptive innovation?
THE INNOVATOR’S DILEMMA

"This book addresses a tough problem that most successful companies will face eventually. It’s lucid, analytical—and scary."
—Andrew S. Grove, chairman & CEO, Intel Corporation

The Revolutionary Book that Will Change the Way You Do Business

HarperBusiness Essentials

Copyrighted Material
Disruptive Innovation

Clayton Christensen, The Innovators Dilemma

Performance average customers can utilize
Disruptive Innovation

1965 Ford Mustang

1965 Toyota Corolla
Disruption & Startups

• Research from Thomas Thurston, formerly with Intel Capital:

Startups that disrupt are much more likely to be successful

Thomas Thurston, Growth Science International
Disruption & Startups

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<th>Big Company</th>
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<td>Startup</td>
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Types of Disruptive Innovation

Low Cost
- Cheaper
- Uglier
- Smaller
- Less capable
- ... but good enough for the target customers

More Accessible
- Easier to access
- Easier to use

New Market
- Simply didn’t exist before
What is a business model?
You’re holding a handbook for visionaries, game changers, and challengers striving to defy outmoded business models and design tomorrow’s enterprises. It’s a book for the...

**Business Model Generation**

**Written by**
Alexander Osterwalder & Yves Pigneur

**Co-created by**
An amazing crowd of 470 practitioners from 45 countries

**Designed by**
Alan Smith, The Movement
## Business Model Canvas

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Proposition</th>
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What is a startup?
The Startup Owner’s Manual

The Step-by-Step Guide for Building a Great Company

Steve Blank and Bob Dorf

Copyrighted Material
A startup is a temporary organization in search of a scalable, repeatable, profitable business model.
The Scientific Method

Theory

Hypothesis

Test
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To test your hypotheses
Get out of the Building
Research Challenge

What Customers Say ≠ What Customers Do
The Startup Solution

1. Document what you believe
2. Develop testable hypotheses
3. Test the Plan - cheaply/quickly
   - First: what customers say
   - Then: what customers do
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Problem/Solution Testing

1. Document the Problem
2. Create Hypotheses
3. Identify 10 Customers
   - Customer Interviews
4. Test the Problem Hypotheses
   - Customer Interviews
5. Build and test Low Fidelity MVP
   - Customer Interviews
6. Build MVP and Validate Qualitatively
   - Customer Interviews
7. Validate Quantitatively
   - Customer Metrics
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| Cost Structure | Revenue Streams |
Summary

1. Disruptive is different
2. Goal: find a viable model
3. Document - test - iterate

Quickly & cheaply
Disruptive vs Sustaining Innovation

Slides: otbc.org/tools
Questions?

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