



5 Critical Competencies for Disruptive Innovation and Change

Excerpt from “Leapfrogging: Harness the Power of Surprise for Business Breakthroughs” by Soren Kaplan (Berrett-Koehler; August 2012).

By Soren Kaplan

Disruptive innovation and change have become the norm. Most of us know that if we don’t proactively innovate and change the game, someone else will rewrite the rules for us. Just think Blockbuster, Borders, Blackberry, and Kodak.

At the same time, business culture reinforces the idea that uncertainty should be avoided at all costs. Control is the goal. No wonder every management book on Amazon that uses the word “surprise” in its title focuses on preventing the phenomenon from occurring.

But here’s the problem. Disruptive innovation and change aren’t formulaic. Whether we’re intentionally innovating or responding to competitive threats, today’s leaders (and most employees) must live with constant uncertainty and continually respond to the unpredictable.

Take Sarah Robb O’Hagan, president of Gatorade, for example. Having learned that many young football players pack bananas in their sport bags only to find them mashed between their cleats before practice, she asked her product development team to create a better solution. The result: a pre-workout drink pouch containing a powerful carbohydrate punch. The ingredients weren’t the challenge. It was the container. “We knew drink bottles like the backs of our hands, but pouches were a completely new animal,” Sarah said.

Gatorade launched the pouch with lightening speed, hoping to make a big splash in the market by establishing a new product category. But while the pouches had tested well in the lab setting, some of them leaked when sitting on store shelves—a pretty big problem for a product meant to be a cleaner alternative to mushy pre-workout snacks such as bananas. In many

organizations, customer complaints and internal grumblings would have stopped the entire program in its tracks. Rather than running for cover and placing blame, Sarah focused on personally managing the fallout while turning the problem into a learning opportunity.

Sarah helped her team “reframe failure” by using the experience to emphasize the importance of trial and error. “We could have waited another six months to ‘get it right,’” she told me, “but we would have missed both the summer season and a great learning opportunity. In fact, the leaky pouches caused everyone to revisit their assumptions about the packaging, which led to an even better ergonomic design and superior packaging materials.” The pre-workout drink pouch, along with several other products, ultimately became the foundation upon which Gatorade reinvented and re-energized its entire product line and brand.

About the time Gatorade was introducing its new pre-workout pouch, Sarah woke up to a brutal Wall Street Journal headline: “Pepsi Sweats Over Gatorade: CEO Nooyi Concedes Sports Drink’s Glory Days Are Over; Redesign Backfires.” Most executives (heck, most human beings) would have wilted in the white-hot glare of that kind of media heat. “That was such a rocky year,” Sarah recalled. “There was so much nervousness in the company, and we had a lot of negative feedback from the media. But at the same time, we were watching the good things that were starting to be said about our new products online with young athletes on Facebook and Twitter, and we could see that there was real energy building around our focus on performance.” She also believed in the pipeline of things to come that hopefully soon would turn the critics into believers. To this day, Sarah keeps a copy of the article on her wall. It serves as a memento of sorts, a symbol of what she and everyone else involved in the project had to overcome as they searched their corporate souls for direction.

Our inherently uncertain environment demands a new set of competencies focused on navigating disruptive change while proactively driving game-changing breakthroughs. Five leadership competencies are essential for success in today’s unpredictable world. And these competencies need to be embraced by leaders, role modeled, and instilled into teams and individuals across the organization—just like Sarah did at Gatorade.

- 1. A Leapfrogging Mindset.** Leading disruptive innovation and change involves leapfrogging —creating or doing something radically new or different that produces a significant leap forward . People who possess an unyielding desire to create a breakthrough ensure that everything they do focuses on adding a whole new level of value to customers, the market, and the organization.
- 2. Boundary Pushing.** Pushing boundaries is important on two levels. On the personal side, people who live abroad, work across multiple functions, and surround themselves with diverse team members continually broaden their mindsets and enhance creative problem solving skills. From a strategic perspective, they push the limits of their colleagues, teams, organizations, and partners.
- 3. Data-Intuition Integration.** Most leaders demand hard data when making critical decisions. In times of disruptive change, robust data rarely exist. Leaders must use any information they can obtain from any source inside and outside the company—but then complement that data by using their gut to round out the equation.
- 4. Adaptive Planning.** Leading disruptive innovation requires managing unsurpassed levels of uncertainty. Adaptive planning involves taking action to drive results, learning from them, and then modifying assumptions and approaches accordingly. Whether these “results” are good or bad, they bring us closer to our breakthroughs since they result in new insights—just like Gatorade experienced. These new insights shape our future strategies, plans, and actions, which are better aligned to the needs of the market.
- 5. Savoring Surprise.** Disruptive innovation and change is a process chock full of surprise—failures, successes, unexpected technological advancements, competitive moves, customer feedback, political and regulatory shifts, and other unforeseen events. Most leaders assume surprises always should be avoided. But those who realize that surprises are an inevitable part of business (just like life) are best equipped to actually use surprise as a strategic tool—which makes them the most agile and fastest to respond to or capitalize on unforeseen events.

In today's turbulent environment, disruptive innovation and transformational change go hand in hand. Companies that want to proactively drive game-changing breakthroughs must give their leaders and employees the requisite mindsets, skills, and tools to actually break through — personally and on behalf of the business.



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