

Using Disruptive Innovation for Association Sustainability

MaryAnne Bobrow, CAE, CMP, CMM

©Copyright 2018 MaryAnne P. Bobrow,
Bobrow Associates, Inc. All rights reserved
under both Pan-American and international
copyright conventions. No reproduction of
any part may be made without the prior
written consent of the copyright holder.



Welcome!

- Welcome to the PCMA Webinar series
- Disruptive innovation is for everyone and not just those working in the association environment.
- Disruptive innovation is not just for “C” level executives, but can readily be applied to all levels and roles within an organization.



Learning Objectives

1. Assess which leadership competencies are essential for your organization
2. Identify which potential leadership skills and abilities are necessary for success
3. Engage the membership-at-large in transforming the organization's future direction



What is Disruptive Innovation

“Disruptive Innovation describes a process by which a product or service initially takes root in simple applications at the bottom of a market – typically by being less expensive and more accessible – and then relentlessly moves upmarket, eventually displacing established competitors.”

Source: <https://christenseninstitute.org/disruptive-innovations>



Where Did Disruptive Innovation Start?

- Clayton Christensen, a Harvard professor, first introduced the term in a 1995 article on disruptive technologies
- He defined it as a product or service designed for a new set of customers
- Christensen's co-author, Joseph Bower, noted
“When the technology that has the potential for revolutionizing an industry, established companies typically see it as unattractive and not something their mainstream customers want.”

Source: Wikipedia, Disruptive Innovation



Examples of Disruptive Innovation



- Remember the Kodak moment?
- Kodak's core business was selling film
- Then came digital printing
- And then cellphone cameras
- What happened to Kodak?
 - Failed to recognize the rise of digital cameras
- Kodak failed to emerge from the digital disruption of its core business



Examples of Disruptive Innovation

Netflix



VS.



Blockbuster



Examples of Disruptive Innovation



NETFLIX amazon Prime



Why Associations Should Consider Disruptive Innovation



Industries Being Disrupted the Most

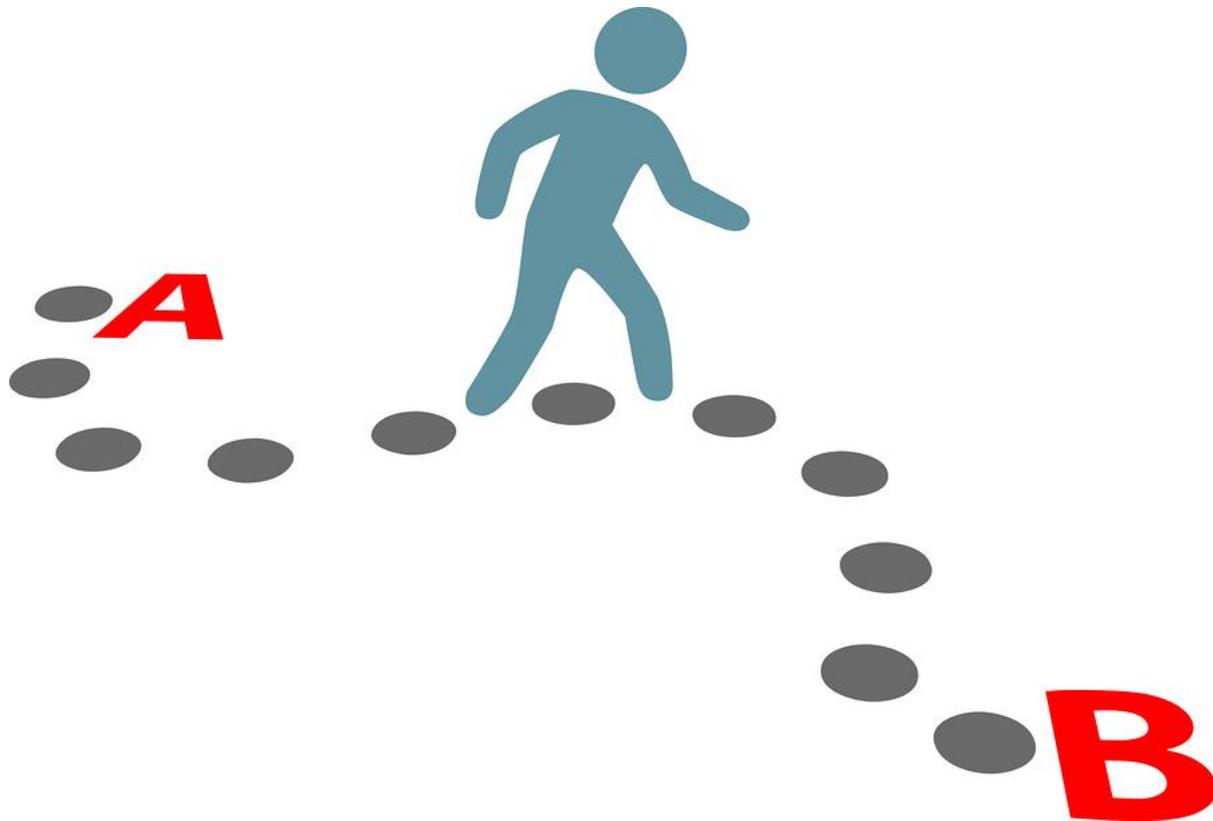
Industry	Percentage
Media	72%
Telecom	64%
Consumer Financial Services	61%
Retail	57%
Technology	57%
Insurance	53%
Consumer Products	52%
Nonprofits	52%
Business and Professional Services	51%
Education	50%
Health Care	47%

Source: Harvard Business Review March 21, 2016
The Industries That Are Being Disrupted the Most by Digital



Connecting the Dots

What's all this have to do with Associations and their Leaders?



Associations Used to “Own” Education

- Now, associations must compete against free as competitors attempt to turn ‘free’ into paying customers

*The best of conventional good business practices
can ultimately weaken a great firm*

Clayton M. Christensen, The Innovator’s Dilemma



Status Quo vs. Disruption

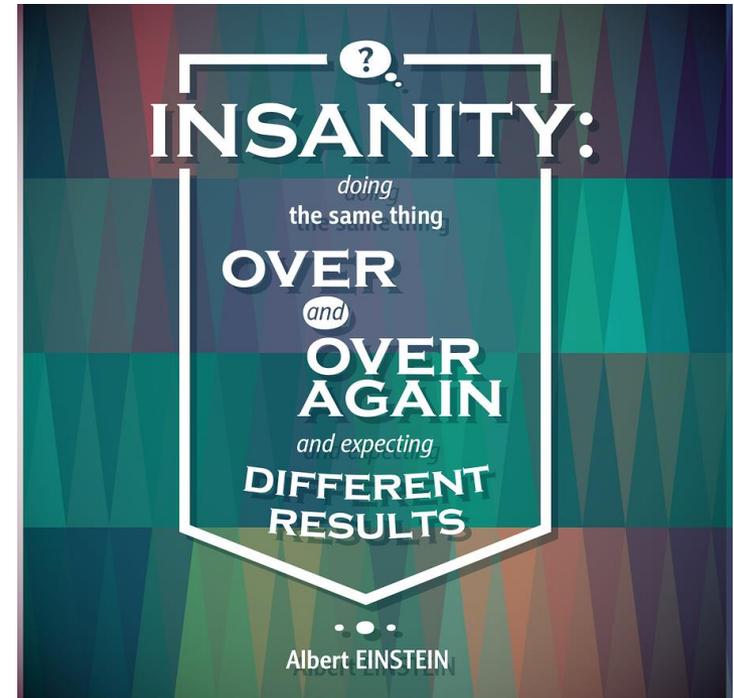
Preserve the status quo – do what you've always done and meet the needs of the customers who are paying

Disrupt – keep improving the product performance until it comes from below and starts hurting the current product



Leadership, Governance and Board Development

- Good governance, leadership and board development can move nonprofits forward
- Doing what we've always done has gotten us where we are but it cannot take us forward.



Become a Change Agent

- Six elements for building innovation
 1. Catalytic leadership
 2. A curious culture
 3. Diverse teams
 4. Porous boundaries
 5. Idea Pathways
 6. Ready Resources



**“What if we don’t change at all ...
and something magical just happens.”**

Six Factors that Boost an Organization’s Capacity to Innovate, the Rockefeller Foundation, March 2013



Disrupt Yourself for Long-Term Sustainability

*If you don't cannibalize yourself,
someone else will.*

- Steve Jobs



Image Source: TheInnovativeManager.com



5 Ways to Adapt for the Future

1. Redefine subscription as a business model
2. Capitalize on consumer demand for convenience
3. Provide more effective communication and collaboration
4. Build in gamification to increase engagement
5. Get the right leaders on board



Ask the Right Questions

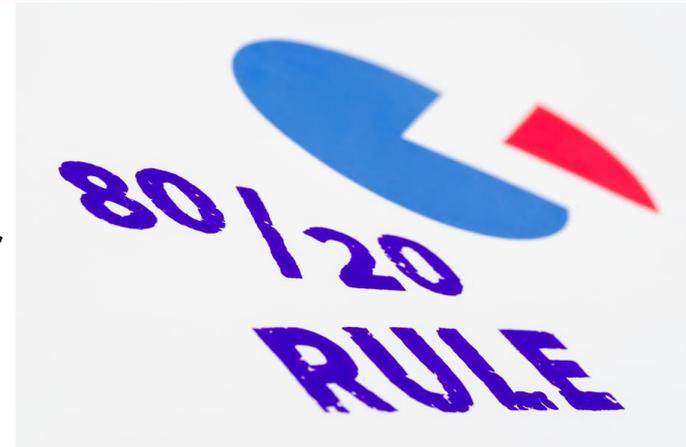
1. What business are we in today?
2. What new opportunities does disruption open up?
3. What capabilities do we need to realize these opportunities?



Kodak's Downfall Wasn't About Technology by Scott Anthony. Harvard Business Review, July 15, 2016

Invoke the 80/20 Rule

Innovation is absolutely critical to future competitive advantage. In creating your plan, consider the following:



- 80% of value perceived by customers relates to 20% of what your organization does
- 80% of the benefit from any product or service can be provided at 20% of the cost
- 80% of the profits made in your industry are made by 20% of firms. If you are not one of these, **what are they doing right that you're not?**



Understanding Pareto's Principle - The 80-20 Rule.

<https://www.thebalance.com/pareto-s-principle-the-80-20-rule-2275148>

Smaller Organizations Can Disrupt Too!

Disruption: A process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses.



What Is Disruptive Innovation, Harvard Business Review, December 2015.

Strategies to Disrupt Associations

- Determine how the Association can become more sustainable
- Achieve higher results while investing less time, effort and money
- Become experts at listening to target audience's needs and then develop customized, innovative solutions for them.
- Embed fulfillment on Board Service
- Think about innovation as creating a new way to do something new or a new way to do something better
- Stop building lists – relationships begin with human conversation



Your Team Can Disrupt

1. Identify Opportunity Areas
2. Generate Idea List
3. Conduct a disruptive business-shaping workshop
4. Build business plans
5. Hold a decision-making workshop

Get ready to innovate!



Thank You!

MaryAnne Bobrow, CAE, CMP, CMM

Bobrow Associates, Inc.

Email: maryanne@bobrowassociates.com

