

Will UK business go the way of the buggy whip?

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In 1893, Westfield, Massachusetts, was one of the most important cities in the US transport industry. "Whip City", as it was known, was the centre of the horse and carriage whip manufacturing world, with 42 companies, over 30 factories, and 85 per cent of the town's population engaged in the manufacture of buggy whips. That same year the horseless carriage was invented. By 1945 just two firms remained. The buggy whip story is a dramatic example of how innovation can put unprepared companies out of business.

In a fast moving world, one of the biggest challenges facing UK companies is dealing with discontinuous innovation (DI). Every so often a whirlwind blows through an industry – whether caused by regulatory or political change, or a technology, or a product, so radically different that it alters the shape of an industry completely - and in doing so puts many existing, successful companies out of business.

If UK companies want to avoid the fate of the buggy whip manufacturers at the end of the 19th century, they need to be able to spot the signs of discontinuous innovation on the horizon. In 2006, a number of researchers from the Advanced Institute of Management in the UK created a Discontinuous Innovation Laboratory (DILab), working with firms from across Europe to develop an understanding of the innovation challenge they face.

Now with results from that research emerging, Professor John Bessant, Senior AIM Fellow, and his co-researchers have identified 12 core approaches to the search problem, adopted by organisations as diverse as BMW and Lego.

Sending out scouts: Dispatch idea hunters to track down new innovation triggers.

Exploring multiple futures: Use scenario planning techniques to predict possible futures; then take action.

Using the web: Harness the power of the web, through online communities, and virtual worlds, for example, to detect new trends.

Working with active users: Team up with product and service users to see the ways in which they change and develop existing offerings.

Deep diving: In consumer research, study what people actually do, rather than what they say they do.

Probe and learn: Get the hands dirty early on, by prototyping quickly and often rather than spending ages planning.

Mobilise the mainstream: Bring mainstream users into the product and service development process.

Corporate venturing: Create venture units and give them sufficient freedom and resources to do their job.

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Corporate entrepreneuring and intrapreneuring: Discover and nurture the entrepreneurial talent inside the organisation.

Use brokers and bridges: Cast the ideas net far and wide; plunder other industries.

Deliberate diversity: Create diverse teams and a diverse workforce.

Idea generators: Use creativity tools, and in a way that encourages, rather than squashes, creativity.

"Discontinuous innovation is more of a threat the long term sustainability of business than ever," says Bessant, co-author of 'Twelve Search Strategies that could save your organisation', which presents the findings in detail. "To avoid going the way of the buggy whip manufacturers, firms need adequate innovation early warning systems. We have identified 12 strategies for detecting new trends and technologies at the margins of markets, from using idea hunters, through deep diving to corporate intrapreneuring. All organisations should employ some at least, if they aim to remain both competitive and durable."

The full report is available on the AIM Research Website <http://www.aimresearch.org/publications/searchstrat.pdf> for a hard copy please contact Claire Fitzpatrick, AIM Press and Communications Officer on 020 7862 8514 or claire.fitzpatrick@wbs.ac.uk

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Notes for Editors

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