Innovative disruption: Utilising brand to manage and drive change

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Abstract
Professor Clayton M. Christensen has narrowly defined Disruptive Innovation.[1] *We agree that it is wise to maintain a specific definition for the sake of academic purity to examine how it evolves over time. As marketing practitioners we must also consider the fact that there are many types of disruption that impact business. From the perspective of the disrupting or disrupted participants, it is more important to understand where you are in what the professor describes as the* disruptive process *rather than just where or how you enter the process. Continuous quantitative measurement of your brand in the context of your industry is one of the best early warning systems against disruption and provides a dashboard of where you are in the process. Customer experience management is one of the best tools to protect your brand against disruptive intrusions.*

Keywords
innovation, disruption, disruptive innovation, brand measurement, brand equity, brand strategy, Christensen, customer experience, corporate culture, brand management

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INTRODUCTION: DISRUPTION IN A BROADER CONTEXT

The concept of *Disruptive Innovation*[1] in the mainstream lexicon of business by Professor Christensen is well established. But not much has been written about utilising the brand to manage the changes that are potentially disruptive to your business or industry. Managing the brand along with the entire customer experience is critical in the battle to determine whether your company will be in front of the disruption or be buried by it.

At a recent American Marketing Association (AMA) panel discussion entitled, 'Building a Powerful Brand in the Age of Disruption' that took place on 26th January, 2016, at The Harvard Club in New York the question was asked what industry would be disrupted next. My response was 'No brand is safe in the "Age of Disruption"'. This response became the headline in a paper by Len Stein in *Branding Magazine*.[2] The paper continued, 'Gregory reiterated, "Disruption is a constant. It is happening everywhere all the time but especially right now in our field from the way data is collected and analyzed to mobile, digital, virtual. The velocity and volume of disruption is greater than ever and keeping a handle on that is a critical aspect of brand building"'.

Stein's paper also captured an analogous quote from panelist Alexa Christon, Head of Media Innovation, General Electric (GE): 'Disruption is synonymous with innovation and invention in a relentless drive to find the white space in experience and to define needed solutions.'

Disruption comes in all shapes, sizes and forms. Consider a major winter storm that struck the New York area a day before the AMA meeting. This natural disruption impacted airlines, taxi service, hotels, train travel; even the sidewalks were nearly impassable. Every disruption, either natural or manmade, is cause for concern when managing the corporate enterprise. Every response to disruption is an opportunity to manage the customer experience and, ultimately, your corporate brand. The corporate brand is how those who consume its products or services perceive your company. Therefore, a poor reaction to disruption is directly related to a poor customer experience. Once the perception of the brand has been damaged, the door is open to disruptive innovation, or even a new business model. It is also true that well-managed brands can go a long way in protecting the company during the disruptions to which they are exposed.

DISRUPTION IS NOT NEW

In the 1970s, the best paying and most secure job in New York was the Linotype operator. The Linotype was a massive typesetting machine that produced 'hot metal' typography for newspapers, advertising and all forms of printed communications. The Linotype operator commanded the respect of the art director because type that was not specified perfectly by the designer could cause missed deadlines, budget overruns, and is the reason for success or failure in many creative careers. The Linotype operator held real power to help finesse the typesetting to achieve the vision of the art director and to help overcome any deficiency in skills to make the vision a reality. It was the standard that stood the test of time for nearly a century.

All of that changed with the hugely disruptive introduction of phototypesetting in the mid-1970s, which utilised the computer and a laser in a photographic process of typesetting known derisively in the business as 'cold type'. Everything was disrupted. The entire graphic design field, as I knew it, had turned upside down within five years of entering the profession. Linotype suppliers were going out of business and my fledgling advertising agency business was in jeopardy.

While this typography revolution was certainly disruptive, I am not sure it would fit Professor Christensen's classic model, which he explains in a December 2015 paper in *Harvard Business Review* (HBR; page 45–53). '"Disruption" describes a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses.' He goes on to say, 'Entrants that prove disruptive begin by successfully targeting those overlooked segments, gaining a foothold by delivering more-suitable functionality – frequently at a lower price.'

Therefore, this disruption that was being witnessed firsthand had some of the characteristics of *Disruptive Innovation*, but it was not a single company creating the opportunity; rather, it was a new technology. While it percolated up as a low-end opportunity and had a steep trajectory, the industry was in the middle of a virtual tsunami of technological innovations that included the emerging desktop computer, lasers and advanced photo processing. I am not sure precisely if it fit Professor Christensen's definition of *Disruptive Innovation*; but the only choice was to get on board, or be crushed by the disruption.

At the time I bet everything I had on this entirely new technology. It was a huge investment for my fledgling business, but I found the money to invest in a very early phototypesetting system. In doing so, I was learning to become a disrupter rather than being disrupted by the changing dynamics in my industry, or so I thought.

That huge 360-degree disruption was just the beginning of the changes to come in the industry. Disruption in the advertising and marketing and the commercial communications fields is so common that disruption has become the norm. Digital, mobile marketing, big data and marketing accountability are some of the current disrupters in this field. So common is disruption that many professional marketers simply wait for the next new wave before jumping on that particular bandwagon and calling it their own.

BRANDING AS A NORTH STAR

There is a good reason, however, why some organisations are able to get through disruptions better than others. A well-managed brand, with a clearly defined value proposition will serve as the common goal among these varying disruptors. When a brand has a strong vision of how it creates and drives value, its customers, as well as what it wants to measure and why, it does not merely jump on a bandwagon but cleverly and strategically uses these innovations to reinforce and communicate what it stands for as a brand and overall, in creating better customer experiences. With the plethora of challenges facing advertising and marketing professionals today, a strong brand unites corporate culture and serves as the lens by which to guide decision-making across the enterprise.

CUSTOMER EXPERIENCE AS A VALUE DRIVER

One constant to maintaining a healthy, well-managed brand is the universal need to keep customers happy. The customer experience applies to all marketing efforts as the brand's moment of truth. Brand trumps disruption, but customer experience is the payoff for brand building.

The corporate brand is a helpful tool for guiding the customer experience as described in the book *Powerhouse — The Secrets of Corporate Branding*.[3] 'Think of the corporate brand as a radio beacon continuously emanating out of the corporate headquarters. The signal can be loud and clear, or it can be filled with static, depending on many different considerations — the signal, distance from the station, atmospheric condition, etc. The radio station reaches varied audiences, including your customers, employees, investors, media, community leaders, etc. The signal of your corporate brand is broadcasting to all of these audiences and is transmitted through your business processes, the culture and

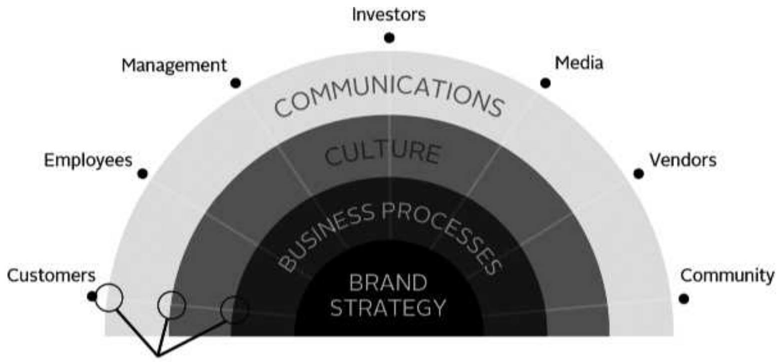

Figure 1 Customer experience trust points

behavior of employees, and all communications — whether planned or unplanned. At each of these interactions, or what we call "customer experience trust points," the signal has an opportunity to become distorted. Monitoring and tuning the signal to stay consistent is called "Managing the Customer Experience"' (Figure 1).

The target audience for the customer experience goes well beyond the traditional consumer of your products or services. It is important to include every audience that can influence and impact your brand, such as employees, investors, media, and so on. Keep them all in mind as if they are customers, with the goal of understanding how each audience will respond to your brand message and always align thought and action to drive value.

As you think about how disruption is impacting your brand and industry, evaluating the strength of your customer experience programme is vital. To that end, marketers need to become engaged in and adept at developing business strategies, driving innovation and implementing systems that shape the actions of entire organisations. These three dimensions, combined with a strong understanding of the brand, are the tools for driving growth and a compelling customer experience. This creates an enormous competitive advantage that makes disruption less likely to negatively impact your business or, at the least, to make it more manageable.

DISRUPTION IS A PROCESS

Going back to my example of the phototypesetting disruption to the advertising industry, I quickly learned that the incumbent Linotype businesses offered a superior customer experience. My naive expectation after investing in this phototypesetting process was that all of our customers would be very pleased. I soon learned they were not so very happy. All of the quality controls offered by the old-line companies and experienced Linotype operators were significantly better than my new operators who were not nearly as versed in the essentials of kerning, line spacing, proofreading and deadlines. Missing also was that special ingredient — the bond between the design professional and the Linotype operator who knew instinctively what the designer wanted.

In the same HBR paper, Professor Christensen (pages 48–49) describes, 'Disruption is a process'. He goes on to say, 'This process can take time, and incumbents can get quite creative in the defense of their established franchises.' That was undoubtedly true, as I was learning the hard way. The hot type industry was fighting back and cutting off services to those firms that were investing in phototypesetting. This created multiple and simultaneous customer service dilemmas for my small company. I could no longer charge a premium price for typography because I was no longer able to provide the premium service our clients expected. I went into an all-out survival mode: We needed to recruit and train top-level phototypesetting operators (they were scarce at that time), we needed to hire dedicated proofreaders and we needed better sales and service personnel to keep our clients happy.

It took months to recover from this setback, but the lessons were indelible. Being a disrupter was more than investing in technology. It was about developing an entirely new corporate culture of innovation.

ASSESSING DISRUPTION AND INNOVATION

There is a saying that is generally attributed to Peter F. Drucker, 'That which is measured can be improved.' Despite the utter logic of this quote, there are few companies that are willing to invest in commonsense measures to monitor the health of their corporate brand while assessing the strength of their competitors. According to McKinsey, more than 70 per cent of corporate leaders indicate innovation as a top business priority, but only 22 per cent set innovation performance metrics[8].

A strong place to ground your thinking on how to link brand innovation activities to performance metrics is found in your business strategy. Creating competitive advantage requires an organisation to measure innovation, its impact on the business strategy and the value that is created for customers. Your vision for the future, surrounded by the important measures, including brand health, operational efficiency, financial impact and organisational capacity, are the basis of a strong framework to measure innovation. Robert Kaplan's Balanced Scorecard is a simple model that can be elaborated to include qualitative and quantitative measures of innovation.

The brand, as a part of the overall scorecard, should be a guide to establishing innovation goals and a tool for measuring the impact of innovation. To create the most value, innovation opportunities should be connected to the attributes in the brand. For example, if your brand attributes were *friendly* and *easy to do business,* these are rich areas for brand innovation investment. At the same time, these attributes can be effectively measured.

As an illustration, let us take a hotel that wants to differentiate itself on the attributes of *friendly* and *easy*. Across the customer journey, you can measure these types of attributes at important trust points. As teams drive innovations across those trust points, you can measure improvements directly with customers, as well as the other dimensions in a scorecard. These results can be rolled up into an analysis of your customer experience and brand health. Measuring impact at low levels across trust points is critical. Then aggregating results with higher-level measures such as familiarity and favourability, measures of brand health, provides a big picture view of how your brand is performing. By using the scorecard, the impact of innovation on driving brand value is clearly illustrated, which will serve as an important tool in guiding future investments and strategy. Combining that big picture of your brand with the use of a real-time measurement and management of the customer experience are powerful methods for measuring innovation and driving business performance.

THE 'UBERIFICATION' OF INDUSTRIES

One of the most disruptive brands in recent memory is Uber. The concept of Uber has revolutionised the car service industry. Rather than owning a fleet of taxis, Uber owns an app that allows people who need transport to connect with drivers with cars. The result has been dramatic on a global basis, even creating a phenomenon known as 'Uberification' (Wikipedia) in other industry business models.

Professor Christensen does not consider Uber a classic disruptive innovator because it does not fit his definition that the process should begin with a smaller competitor[7]. Again, we respect purity, but there is no doubt that the outcome of Uber is a complete disruption of the taxi industry and, therefore, from a practitioner point of view is worthy of close examination. One of the more interesting questions is Uber's recent decision to change its logo. Is this disruptive business feeling the heat from other disrupters in its space? Did Uber feel that changing the brand identity will help it to stay ahead of other disrupters? Was the change in the brand identity system created to provide a better customer experience? Was the mission accomplished? From a subjective point of view, I find that the new logo is not either as distinctive or as identifiable as the predecessor. It would be informative for Uber to conduct comprehensive research to answer these questions (in fact, the research should have been conducted *before* it launched the new identity).

Google is another universally disruptive business that recently made major changes to its corporate identity. Why did this well-branded company feel the need to change its corporate name to Alphabet? Certainly the purpose was to differentiate and better communicate its corporate brand from its service brand. With a company as universally known as Google, it was a risk but a calculated one. Size has its privileges especially when it comes to making a strategic change and communicating it to those audiences that matter most.

CULTURE OF INNOVATION VERSUS CULTURE OF COMPLACENCY

Finally, there is the important matter of managing the internal brand, often known as the culture of the company. Let us contrast two examples of differing corporate cultures to better understand the management of the corporate brand and the impact that it has on the health of the company in an era of disruption.

One is a culture of complacency at Kodak, as described by John Kotter in a *Forbes* opinion column dated 2nd May, 2012.[4] 'Kodak faced the technological discontinuities challenge, first clearly articulated by my colleague Clay Christensen: a new technology has fierce competitors, low margins and cannibalizes your high margin core business. And Kodak did not take decisive action to combat the inevitable challenges.' He went on to say, 'Historically, Kodak was built on a culture of innovation and change. It's the type of culture that's full of passionate innovators, already naturally in tune to the urgency surrounding changes in the market and technology.'

It was not that the innovators within the company did not have ideas to revitalise their future prospects; Kodak had become a culture of complacency. 'Their bosses ignored them.'[4]

By contrast, a culture of innovation that is being revitalised at GE as it rolls out a major new strategic repositioning as described by Jeffrey Immelt, the CEO, who summed it up nicely in a recent interview, 'A company like GE has to be all about change. It has to be all about picking what's next, getting the company focused, making the company accountable.' Immelt goes on to elaborate on a critical point, 'What we've tried to do is *narrow our focus* as a company, to be only those things that have *significant core competency*. Being only as broad as you are deep is the way that you have to think about running your company today.' [5]

The relationship between brand equity and market cap speaks directly to the health of the corporate brand. The relationship in the CoreBrand Index (CBI) to stock price and brand valuation is one reflection of strategy for sure.

Immelt's focused vision is about establishing the GE corporate brand as 'The world's premier digital industrial company'. This new brand-driven idea is focused on getting the culture ahead of disruption and being a disruptor in its own right. It is much better place to be setting the pace rather than trying to catch up.

Kodak's experience is a prime example of an ill-defined corporate strategy causing a strong brand to get trapped by its own inertia. For a company to avoid becoming obsolete and responding to disruptive market forces, it must first bring clarity to its own internal brand, which includes revitalising its culture of innovation. Kodak failed to do this.

Faced with similar disruptive challenges, GE could have easily taken the same road as Kodak. Instead, GE chose to acknowledge the constant disruptions in its industry, and responded accordingly by revisiting its essential brand and repositioning itself to meet the innovation needs of the new marketplace. Today, GE's success is the result of the clearly defined business model, driven by what they intend to build next: 'The world's premier digital industrial company'.

These contrasting outcomes highlight the role of marketers within the organisation. As stewards of their own brand, they must continually advocate for ever-evolving business strategies grounded in today's realities and fight for a seat at the leadership table as one of the architects.

CONCLUSION

In Roger Lowenstein's book, 'Buffet: The Making of an American Capitalist'[6] is an interesting and relevant quote, 'Buffett found it "extraordinary" that academics studied such things. They studied what was measurable, rather than what was meaningful.'

When it comes to disruption, there is room for a broader perspective that includes both the academic and practitioner alike. It is helpful to remember that disruption is all around us and, to varying degrees, is a constant threat to business. There is a clear need for a disciplined approach to measuring meaningful attributes relating to the corporate brand, which is critical to better understand where, when and how to manage the brand to stay ahead of disruption.

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