

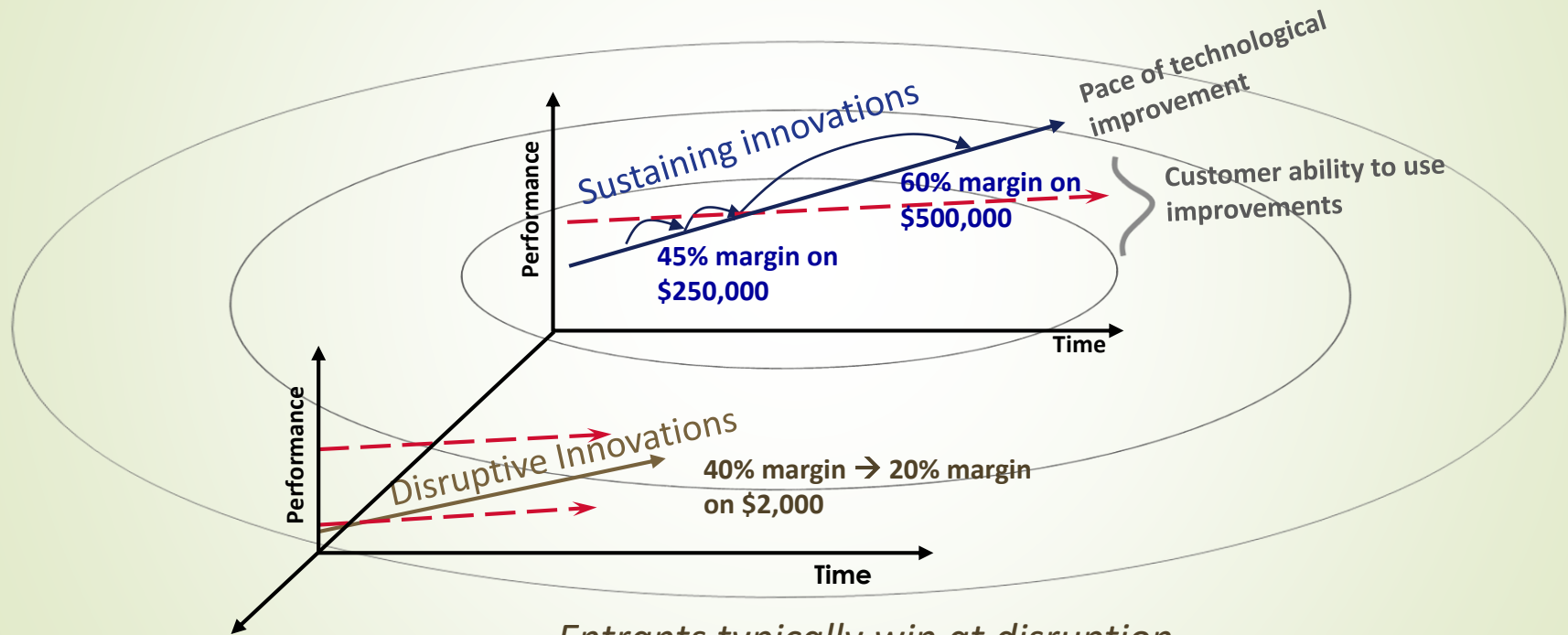
# Disruptive Innovation

Presented by  
Dadabek Achildiev

What is disruptive  
innovation?

# Sustaining vs. Disruptive Innovation

*Incumbents dominate sustaining battles*



*Entrants typically win at disruption*

# Disruption = affordability, accessibility

Past and present examples

## Yesterday

- GM
- Dept. Stores
- Digital Equipment
- Delta
- JP Morgan
- Xerox
- IBM
- Cullinet
- AT&T
- Sony DiskMan

## Today

- Toyota
- Wal-Mart
- Dell
- Southwest Airlines
- Fidelity
- Canon
- Microsoft
- Oracle
- Cingular
- Apple iPod

# Disruption of Toyota

*Think About It*

**ISN'T IT TIME SOMEONE  
DID TO LEXUS WHAT  
LEXUS DID TO MERCEDES?**

Narrower gaps between body panels,<sup>1</sup> better  
mileage<sup>2</sup> and roomier than the Lexus LS 460!

The new Hyundai Genesis is our first luxury  
car, and believe it or not, it's about to give the  
market its biggest shake-up since 1989.

The Genesis will take you from zero to 60 in



From [hyundaiusa.com](http://hyundaiusa.com) May 5, 2013

# Disruption = affordability, accessibility

Past, present, and future examples

## Yesterday

- GM
- Dept. Stores
- Digital Equipment
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## Today

- Toyota
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- Microsoft
- Oracle
- Cingular
- Apple iPod

## Tomorrow

- Chery
- Internet retail
- Smart phones
- Air taxis
- ETFs
- Zink
- Linux
- Salesforce.com
- Skype
- Smart phones

# How to identify a disruptive innovation

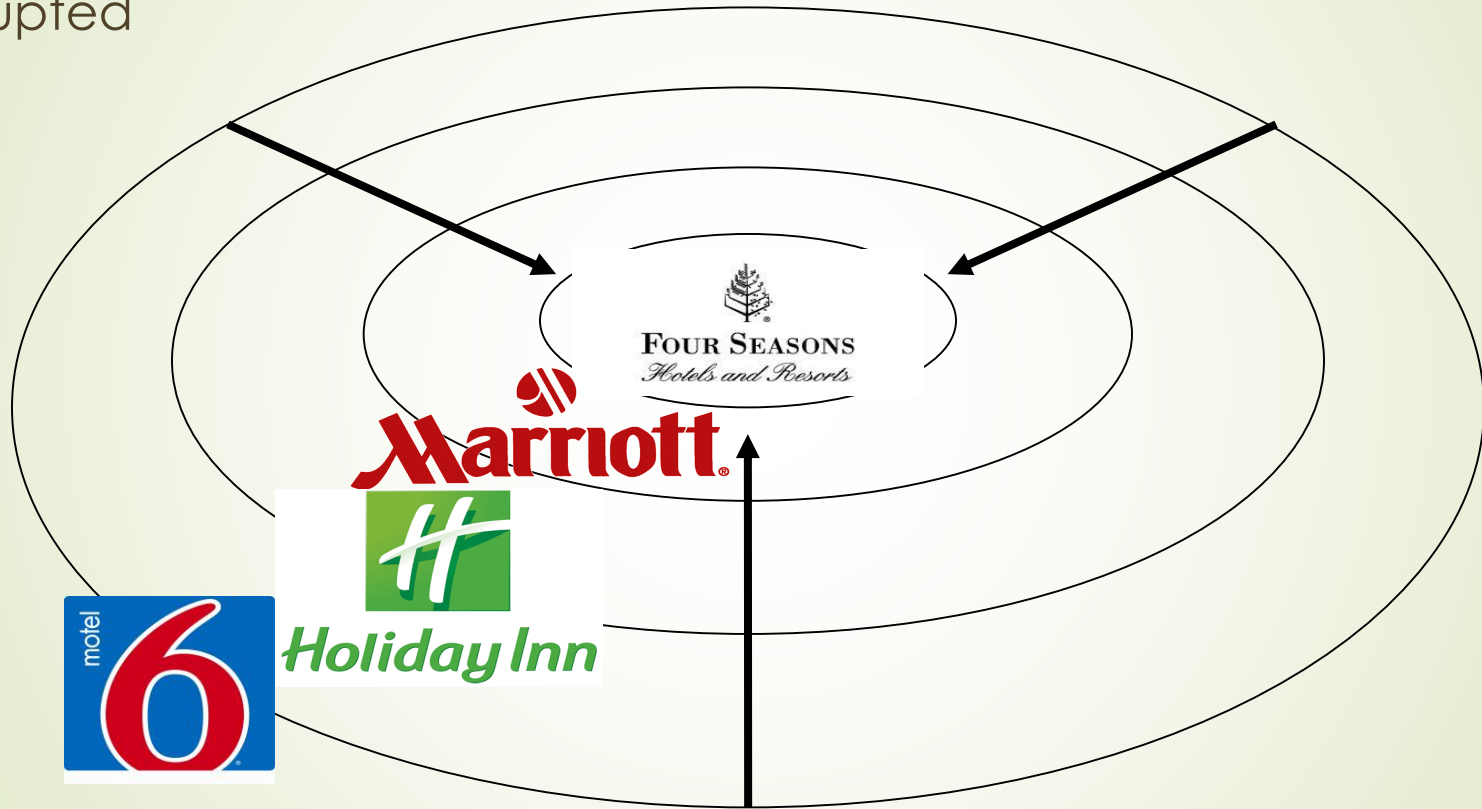
Disruption is a relative phenomenon

- Is the innovation targeting people who are nonconsumers or overserved by existing products?
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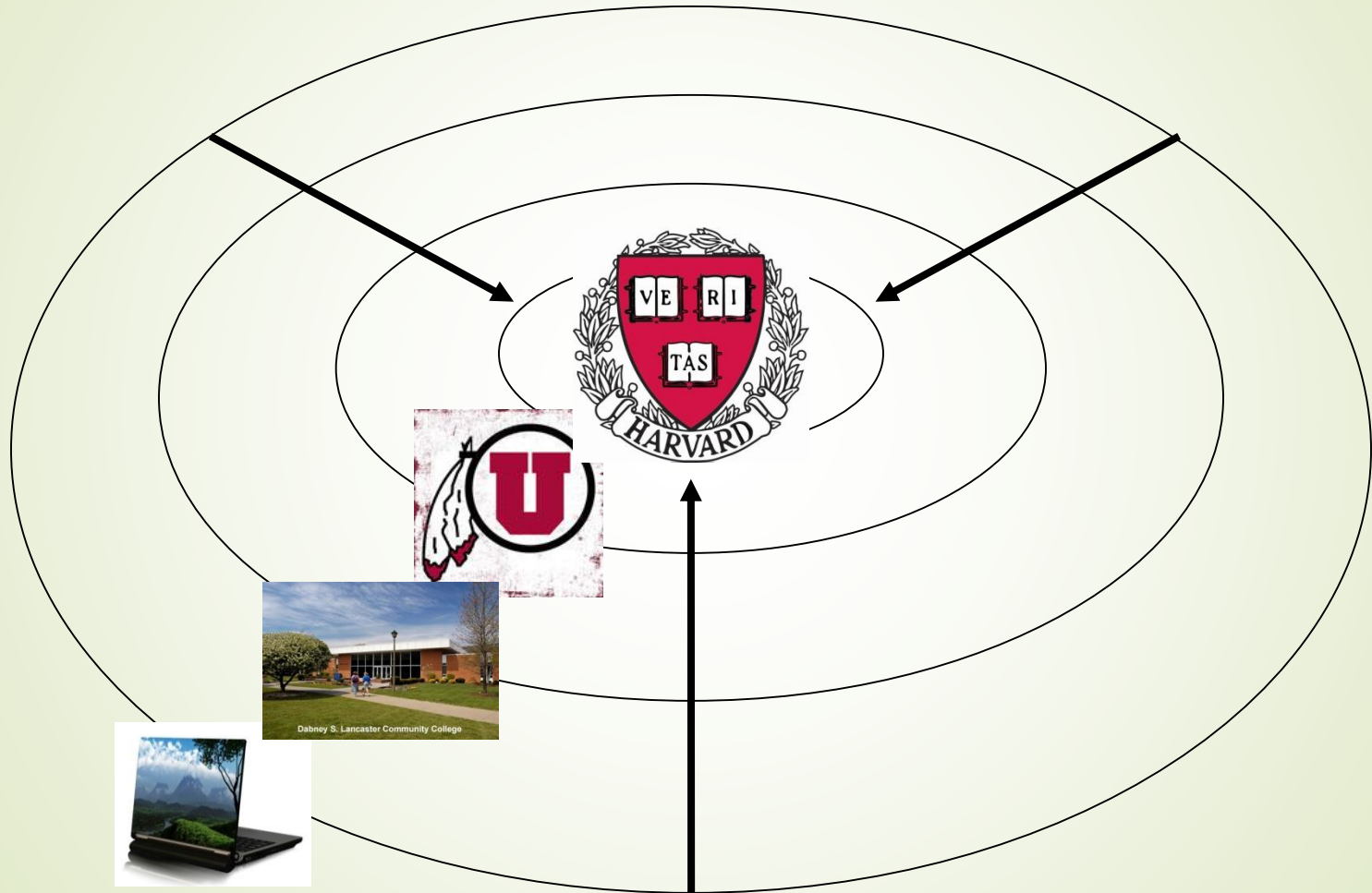
How does disruptive  
innovation relate to  
education?

# Where does disruption not apply?

Industries without an upwardly scalable technology are not disrupted

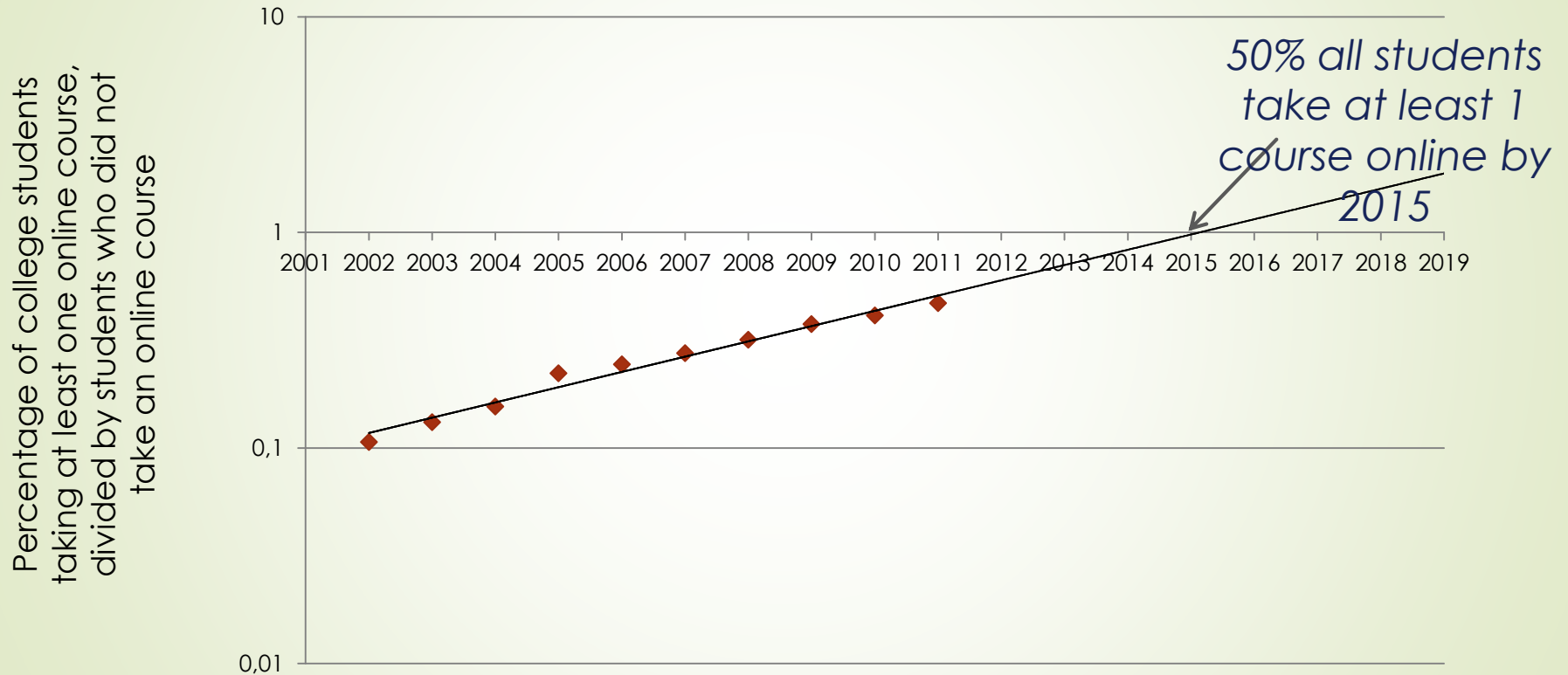


# Disruption in higher ed is just beginning



# Substitution follows the S-curve pattern

Linear S-curve logarithms indicate growing online learning adoption



What are online  
learning's potential new  
value propositions?

# Potential benefits of online learning

## Personalization



# Learning environments modeled upon factories

Current system was built to standardize

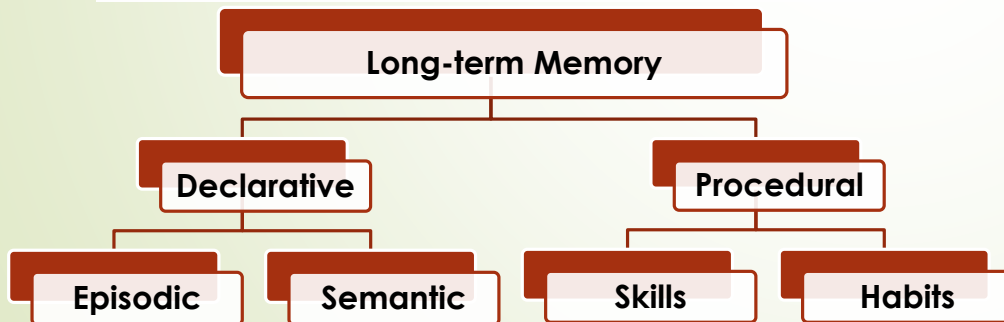
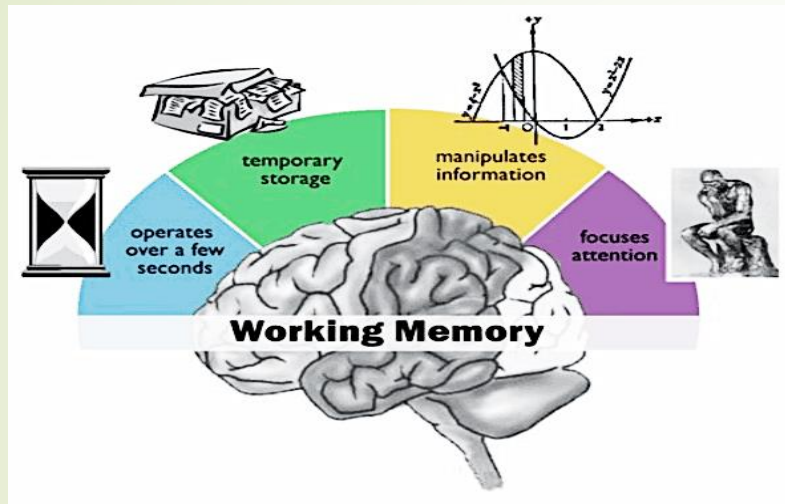


# The “Swiss-cheese problem” in education

Students develop holes in their learning

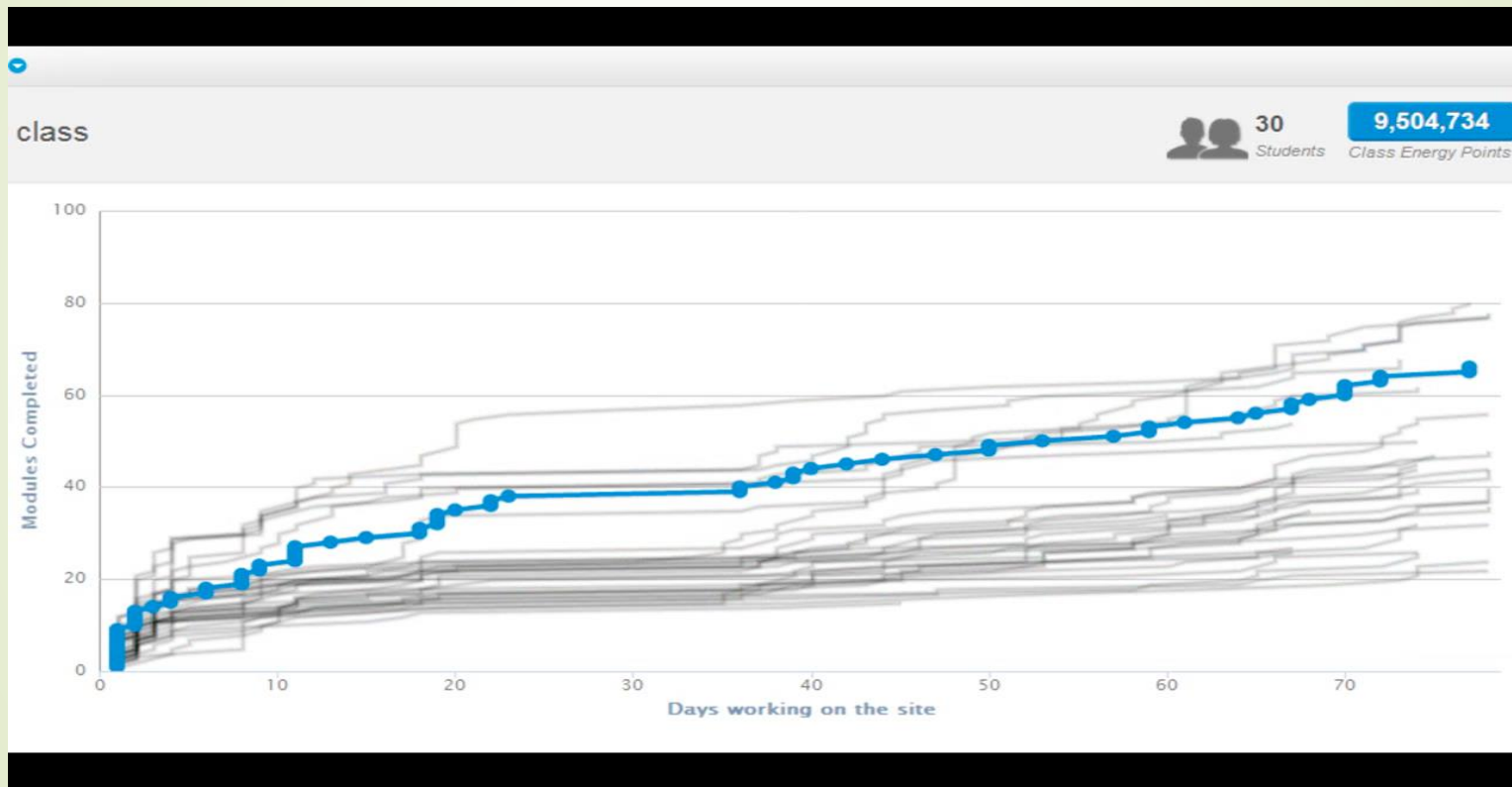


# Different learning needs at different times

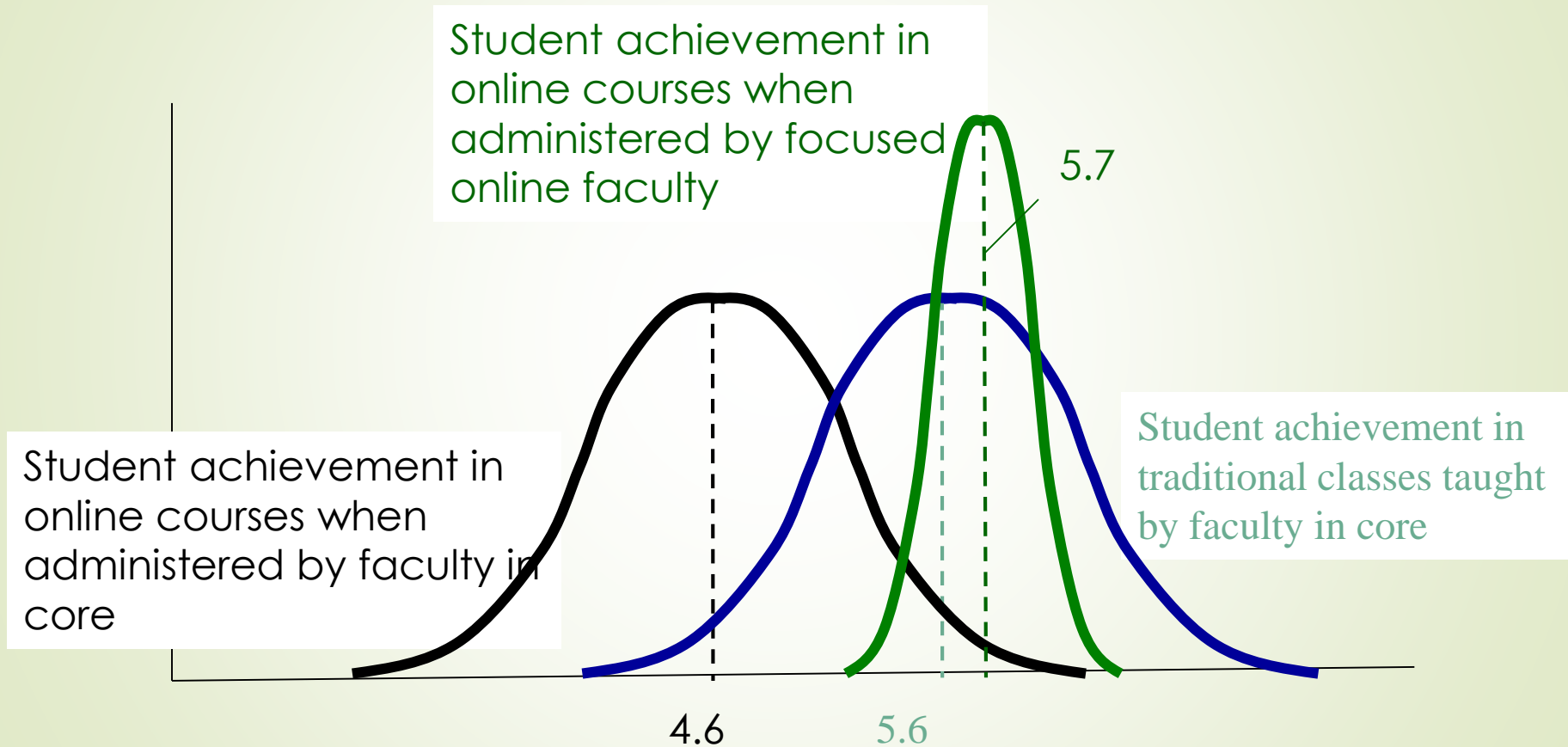


# Benefits of online and blended learning

Personalization through modularity



# Sound learning design boosts student outcomes



# Potential benefits of online learning

## Personalization



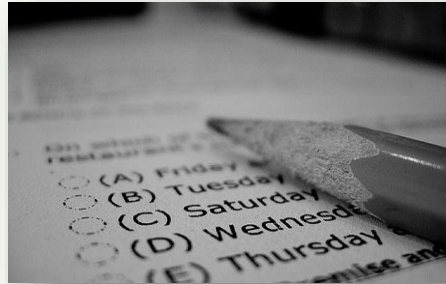
## Data and Feedback



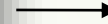
# Fixed-time, variable learning



Deliver content to students



Testing & assessment



Progress to next grade, subject, or body of material



PUPIL'S REPORT CARD												
LAST NAME			FIRST NAME			GRADE		BUILDING				
Beeson			Eleanor Manning			11		Monroe				
SCHOOL YEAR												
1943-1944												
Period	Days Present	Days Absent	Thinks	Observes	Reacts	Shows Ability	Expresses	Attends	Participates	Cooperates	Art	Average
1st Six Weeks	25	0	0	0	0	0	0	0	0	0	0	69.5
2nd Six Weeks	29	0	0	0	0	0	0	0	0	0	73	
3rd Six Weeks	31	4	0	0	0	0	0	0	0	0	76	
Semester Grade	85	4	0	0	0	0	0	0	0	0	76	
4th Six Weeks	28	1	0	0	0	0	0	0	0	0	74	
5th Six Weeks	27	0	0	0	0	0	0	0	0	0	77	
6th Six Weeks	24	1	0	0	0	0	0	0	0	0	81	
Semester Grade	111	3	0	0	0	0	0	0	0	0	81	
Yearly Grade	114	5	0	0	0	0	0	0	0	0	81	

Printed in Beeson grade. Retained in \_\_\_\_\_ grade. Teacher: Mary Voss Beeson

EXPLANATION: These "Hones" are awarded each semester. "Hones," "High Hones" and "Class Hones"

Receive results



# Potential benefits of online learning

## Individualization



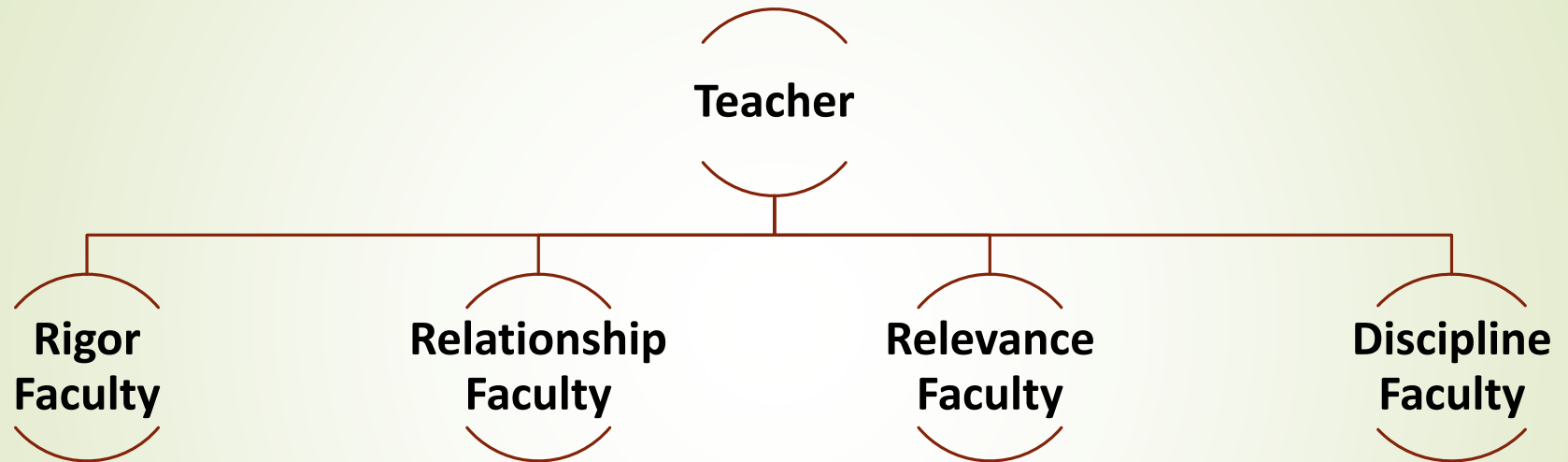
## Data and Feedback



## Teacher Effectiveness



# Disaggregated staffing models



## **New opportunities:**

- Teacher specialization
- Extend the reach of best teachers
- Career growth opportunities

# Benefits of online and blended learning

## Individualization



## Teacher Effectiveness



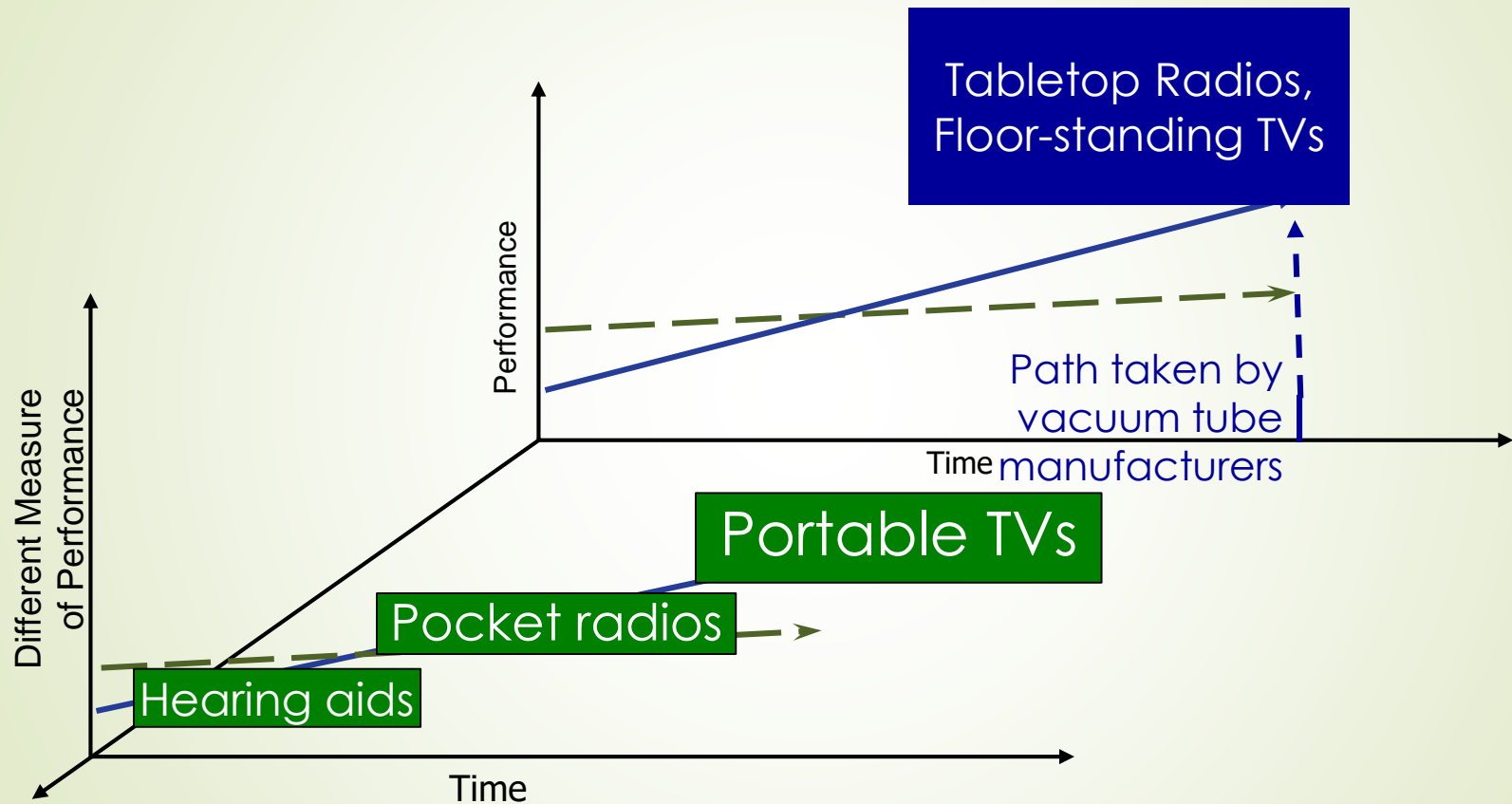
## Cost Control

## Data and Feedback



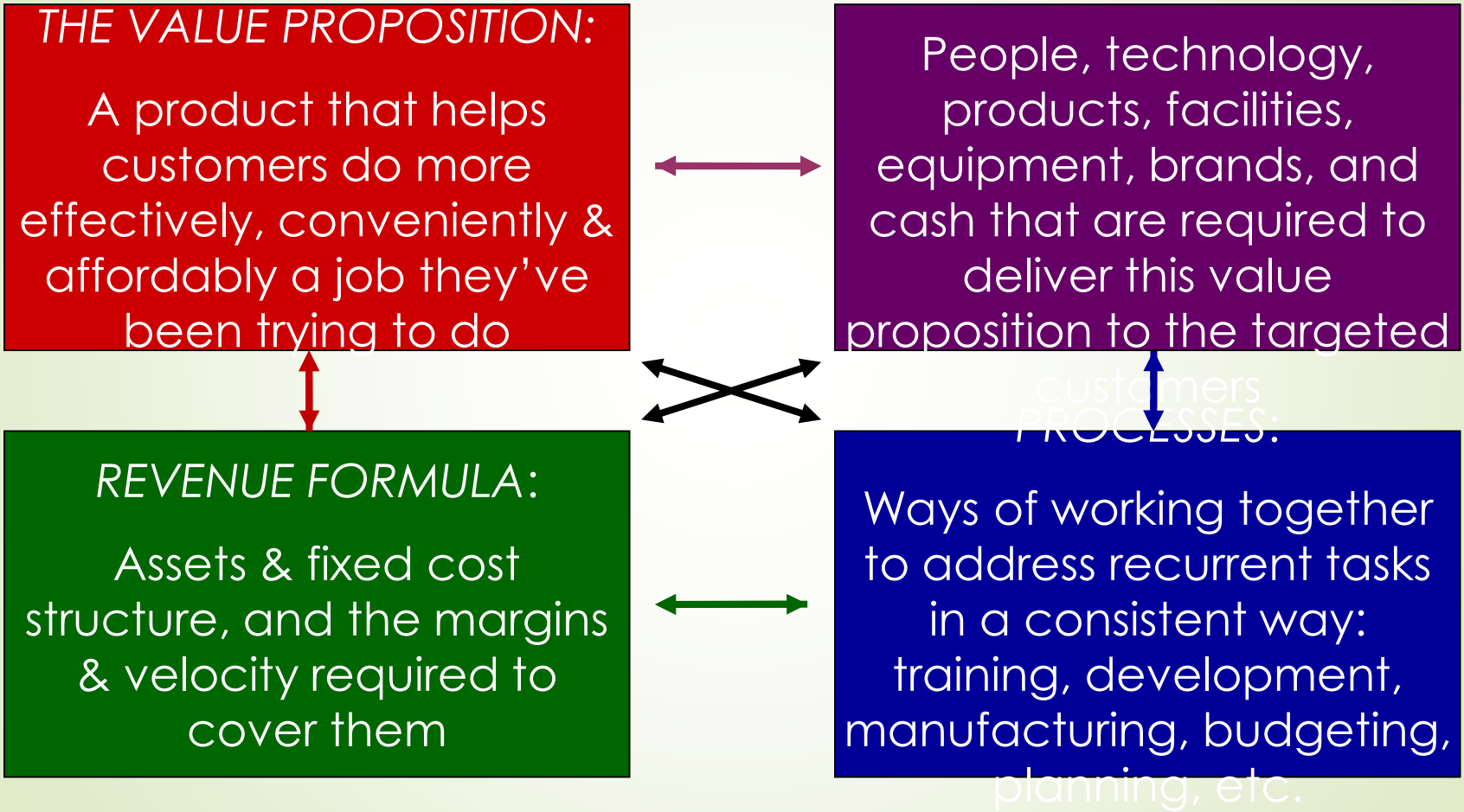
How do existing  
organizations  
survive disruption?

# Disruption is not a technology problem



# What is a business model?

And why does it lock us in?



# What is a business model?

And why does it lock us in?

RESOURCES:

**THE VALUE PROPOSITION:**

People, technology,

A p  
cu  
effect  
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S,  
and  
ed to  
geted

Business units don't evolve.  
Corporations do.

RE

As  
structure, and the margins  
& velocity required to  
cover them

ether  
tasks

in a consistent way:  
training, development,  
manufacturing, budgeting,  
planning, etc.

# Much amuck about MOOCs

Are MOOCs a disruptive innovation?

- Is the innovation targeting people who are nonconsumers or overserved by existing products?
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# Disrupting College

*How Disruptive  
Innovation Can Deliver  
Quality and Affordability  
to Postsecondary  
Education*

Michael B. Horn

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Twitter: [@christenseninst](https://twitter.com/christenseninst)

How do existing  
organizations  
survive disruption?

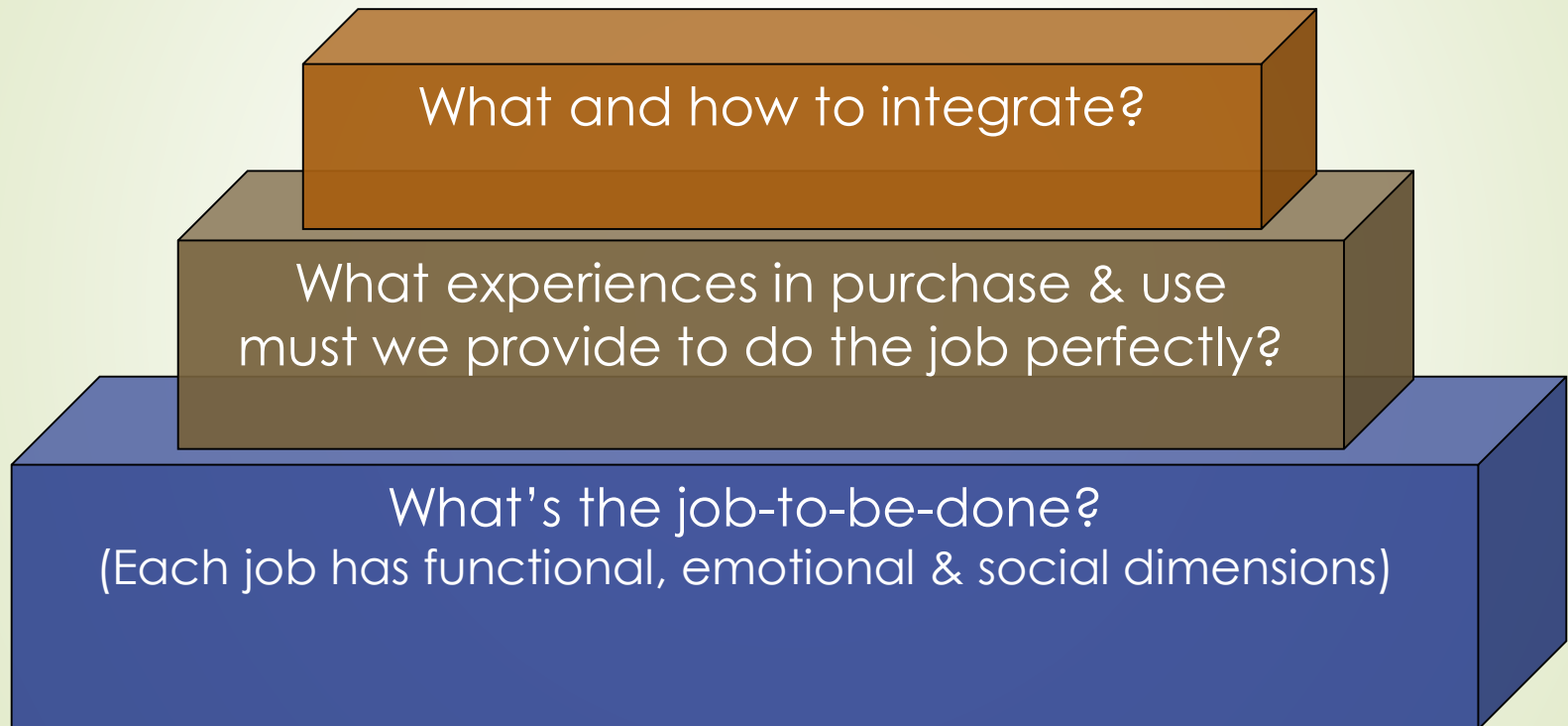
# Understanding how users experience life



“The customer rarely buys what the company thinks it is selling him.”

*Peter Drucker*

# Three levels in the architecture of a Job



# Recommendations for existing institutions

## **Strategic Focus** **1**

- Focus, differentiate
- Frame online learning as sustaining innovation to disrupt class
- Apply correct business model for Job

## **Strategic Focus** **2**

- Discovery-driven approach
  - Test & learn
- Apply correct business model for Job
- “Capabilities exchange”

The danger of  
trying to be all  
things to all people

# 3 different kinds of business models

## Solution Shops



- Diagnose and solve unstructured problems
- Fee for service

## Value-Adding Process Businesses

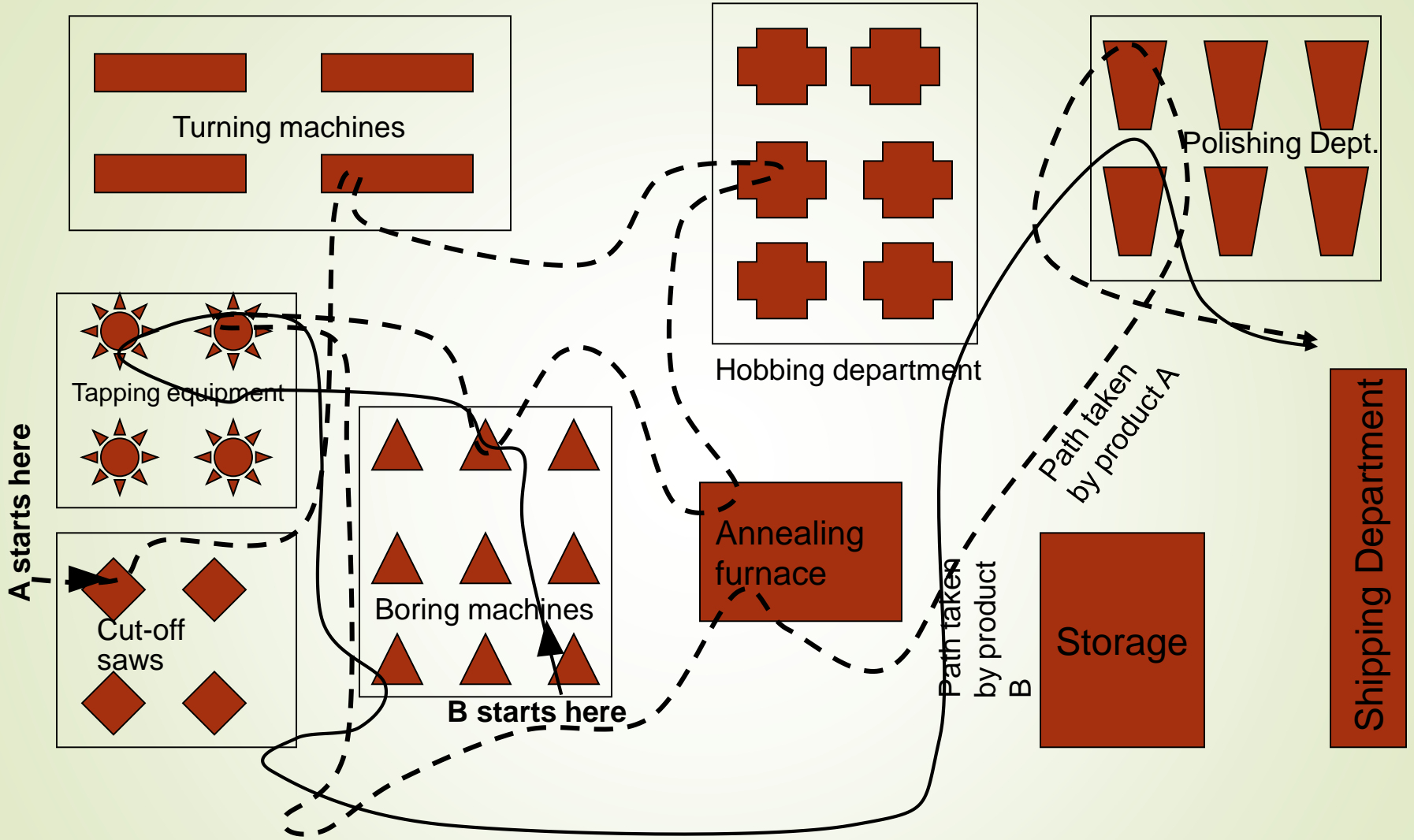


- Add value to something that is incomplete or broken
- Fee for outcome

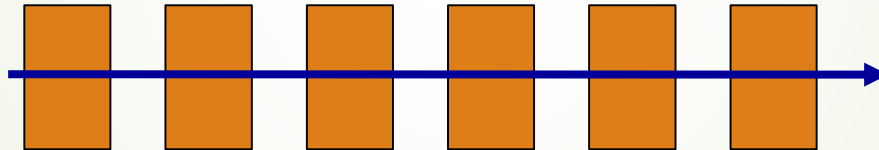
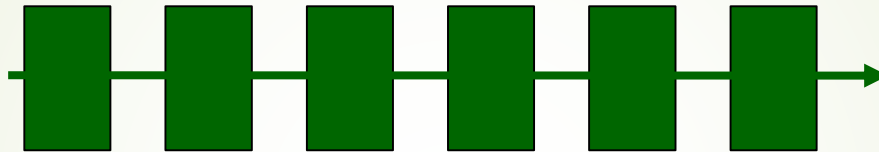
## Facilitated User Network



- Enable exchange among participants
- Fee for transaction or membership; ad-supported



# The Maysville plant



The danger of  
trying to be all  
things to all people

# General purpose products disrupted job-by-job



Craig's List  
AutoTrader.com  
Realtor.com  
Monster.com  
Metro; Blackberry  
CNN.com  
Unwind at the end of the day

Major Metropolitan Newspapers Help me:

- Unload this stuff
- Find the right car
- Sell or buy a home
- Find the right job, or the right employees
- Kill commuting time productively
- Become well-informed
- Unwind at the end of the day

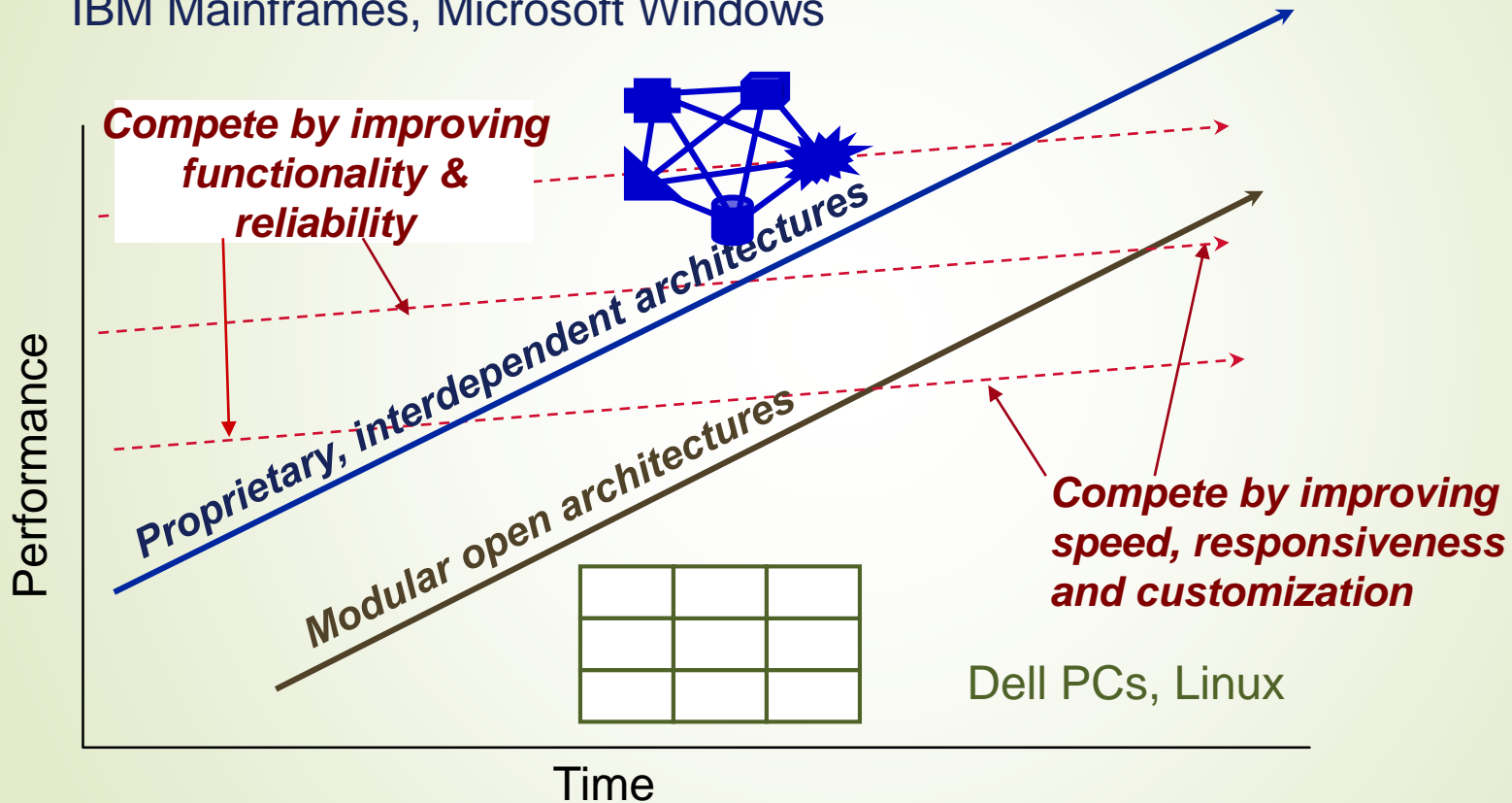
# Harvard Business School is being disrupted



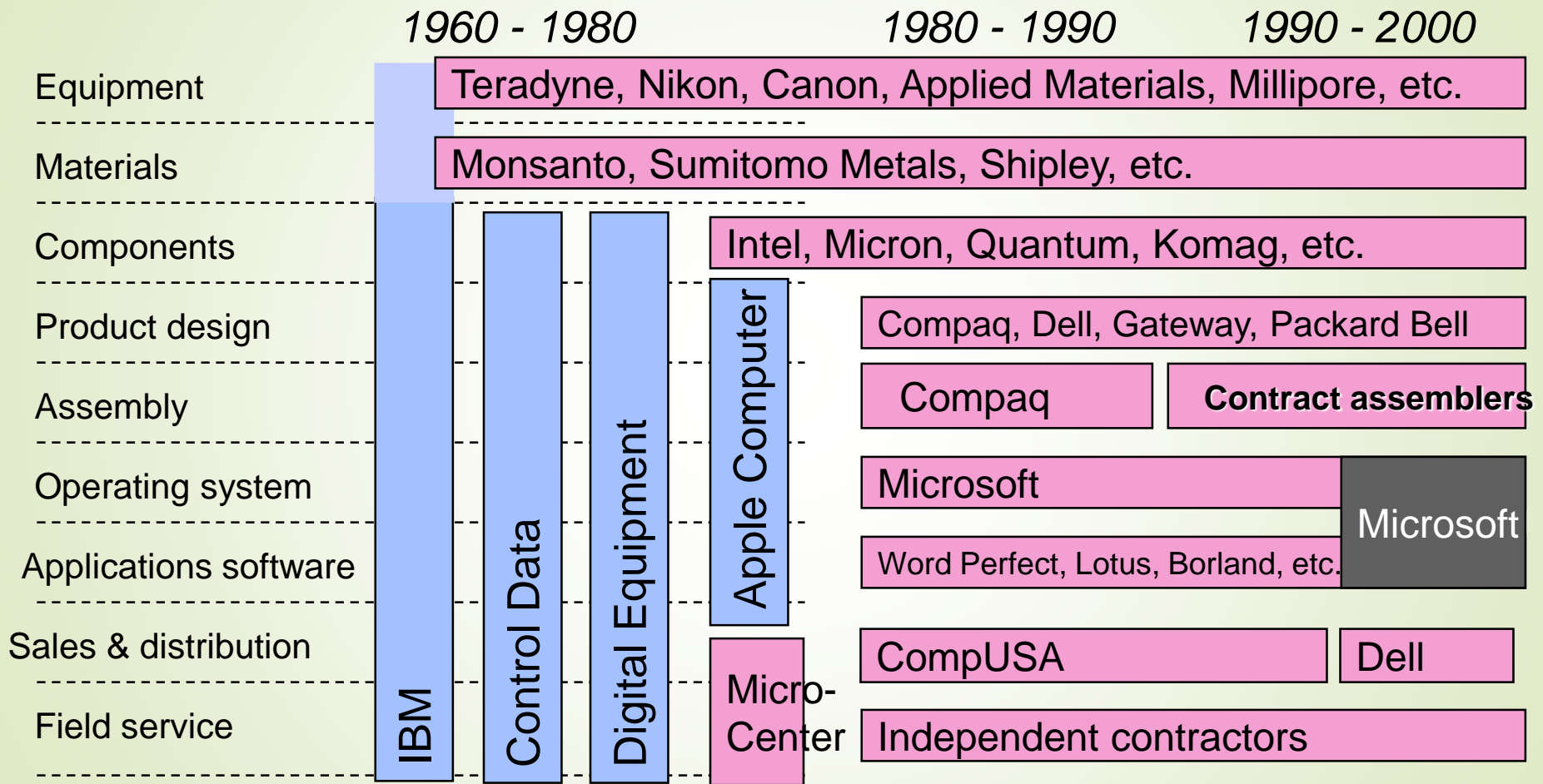
# The rise of unbundling

# The right product architecture? It depends...

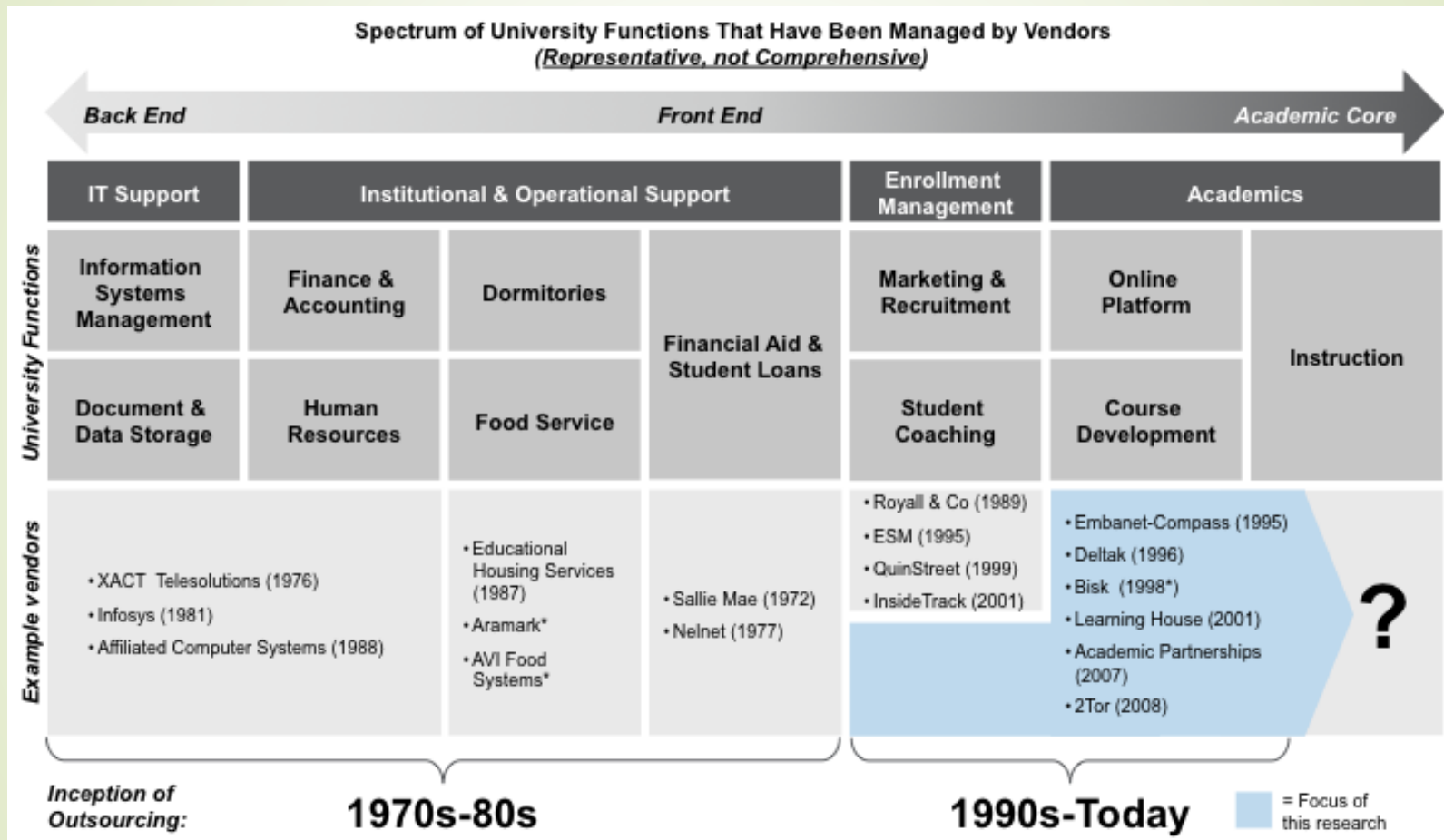
IBM Mainframes, Microsoft Windows



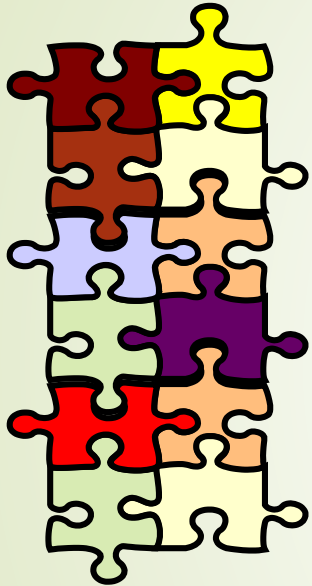
# Integration shifts impact on computer industry



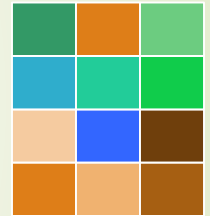
# Modularity of the university



# How future universities may be built



Unit of accreditation  
: The institution

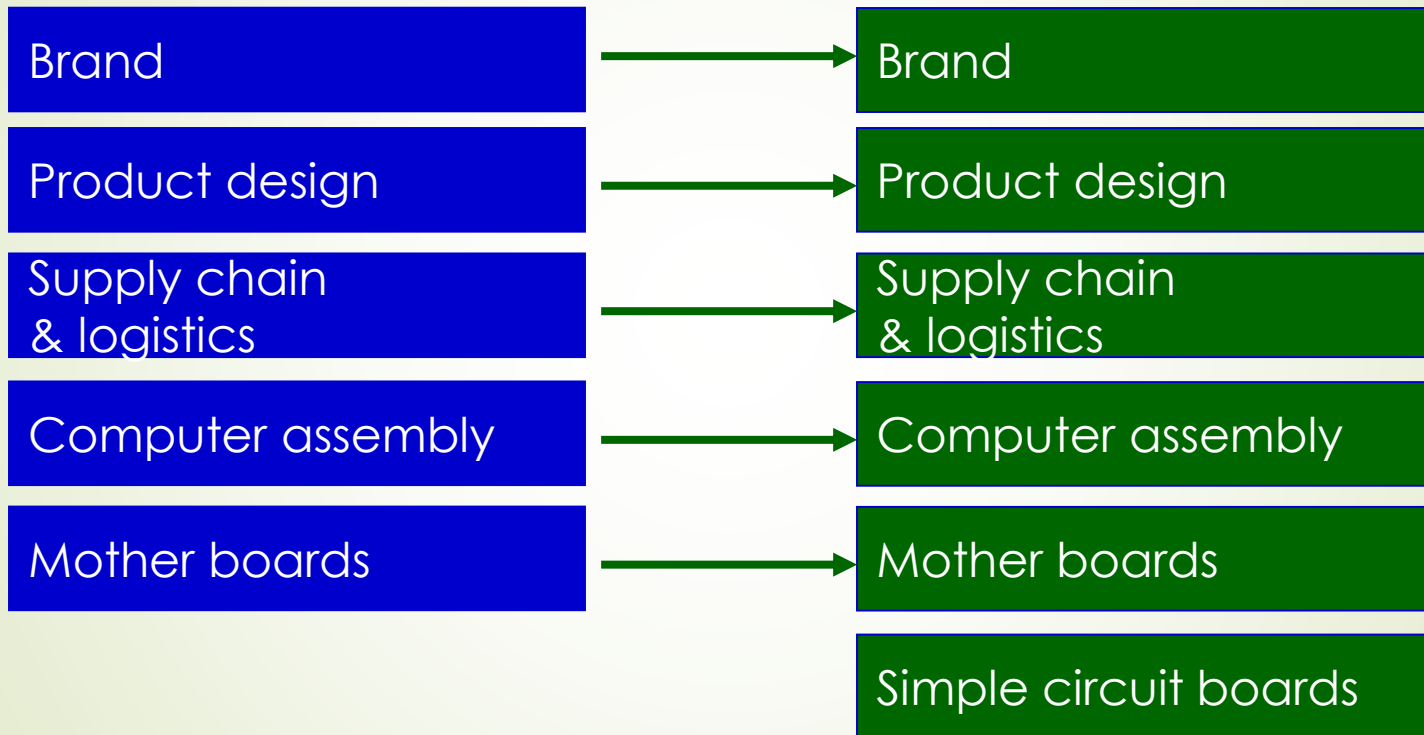


Unit of accreditation : the course  
Standards: A different type of University  
thru course acceptance

# Outsourcing can set disruption in motion

Dell

AsusTek

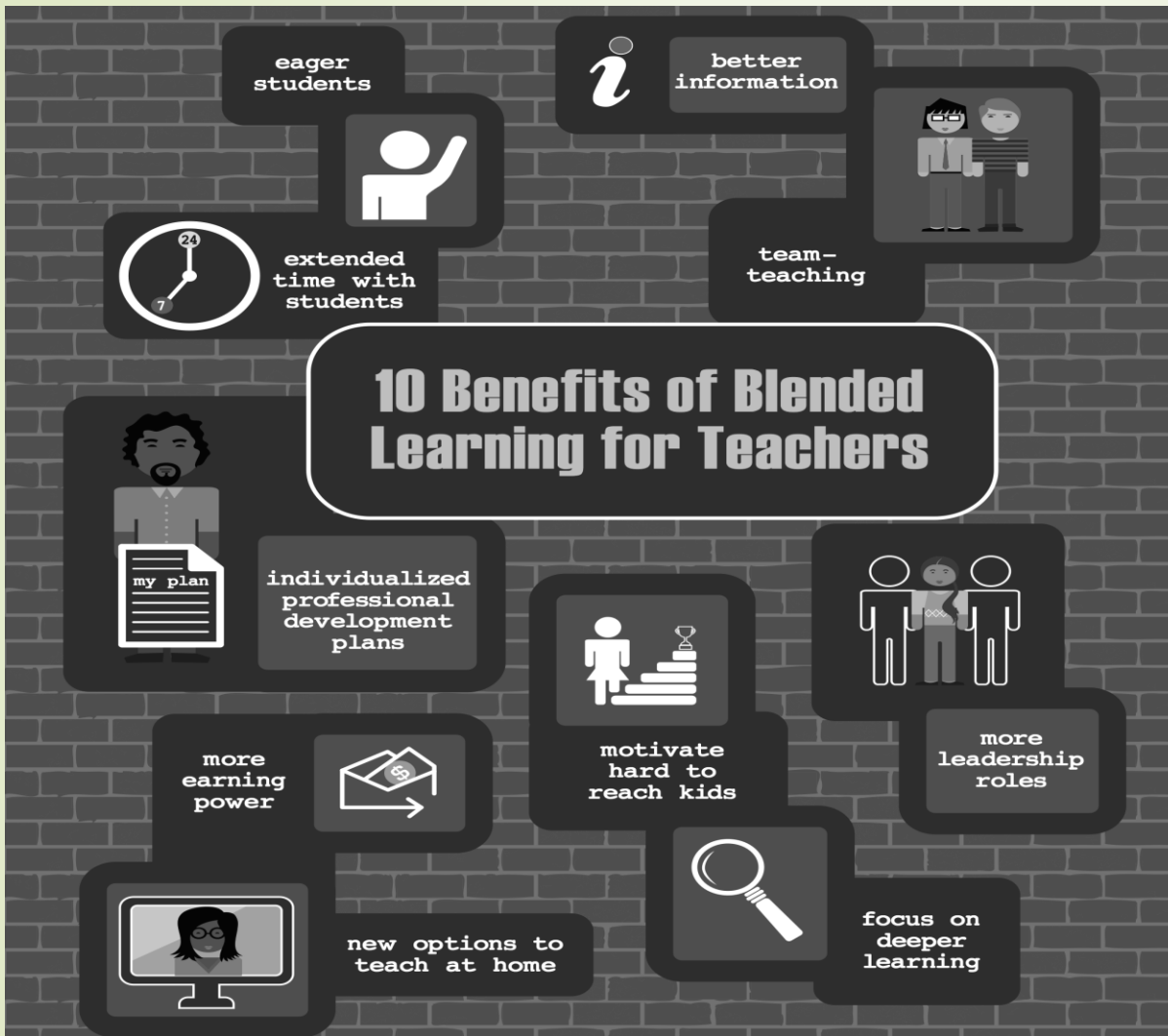


# The new kids on the block



Coursera





## Benefits of blended learning for teachers

1. Eager students
2. Better information
3. Team teaching
4. Extended time with students
5. Individualized PD plans
6. Motivate hard to reach kids
7. More leadership roles
8. More earning power
9. Focus on deeper learning
10. New options to teach at home

Source: Digital Learning Now!

# Improved Conditions

Blended Learning can tear down the walls of the traditional classroom, improving conditions such as:

REDUCED ISOLATION

MORE OPPORTUNITIES FOR COLLABORATION

MEANINGFUL PROFESSIONAL DEVELOPMENT

BETTER STUDENT DATA

IMPROVED TIME EFFICIENCY

ROLE-DIFFERENTIATION



## Improved conditions

- Reduced isolation and new opportunities for collaboration
- Better student data
- Time efficiency
- Less grading and busy work
- Role differentiation

Source: Digital Learning Now!

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