

# The Downside of Innovation

## Professor Clayton Christensen discusses the dilemma of innovation in the industry

By Kevin Craine – for the AIIM / ON DEMAND official conference newspaper

Harvard professor Clayton Christensen is the author of several critically acclaimed books, most recently “*Seeing What’s Next: Using Theories of Innovation to Predict Industry Change.*” Christensen’s keynote on Wednesday, “Capturing the Upside While Avoiding the Downside,” is sure to spark discussion and debate. You may be taken aback by some of his research.

**You contend that the accepted notions of “good management” actually cause many companies to fail. How does this influence failure of organizations in our industry?**

Forty years ago Xerography was what I call a “disruptive technology.” Xerography took root in small applications – short runs for customers who really could not afford the big presses. As time went on, photocopying got better, cheaper and faster. As a result, the new technology ate up most of the growth in the printing industry.

We see this phenomenon with digital printing, which is not useful for the largest applications and the most profitable customers. Much like xerography several years ago, digital printing has taken root on the periphery with fairly unattractive applications. It is getting better, cheaper, faster, and steals customers away from the leaders in the industry. So, the practices of listening to your best customers and focusing your investments on opportunities that offer the highest rate of return actually cause companies to fail.

**How can organizations overcome this dilemma and develop sustainable growth?**

When this kind of a technology emerges, the only way to capture the growth while continuing to nurture the strength of your core business is to set up a separate organization and give it a charter to “kill” the parent. The only option that a leader in an industry has is to view the net-new growth provided by a new technology as an opportunity, but one that may come at the ultimate expense of the parent.

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