

UNLEASHING DISRUPTIVE INNOVATION FOR DEVELOPMENT Q & A

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with

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TRANSCRIPT.

1. What's the most common definition for Open and Disruptive Innovation? Can you give the overview of what Unleashing Disruptive Innovation for Development means?

- To discuss Disruptive innovation, we must know what innovation is.
- **Innovation** is simply to a lay man, the action or process of innovating
- **Open Innovation** is a method of innovation where information is open to sharing. It is the development of **innovative** solutions made on the basis of collaboration between a number of parties. It's advantages are **shortened innovative time, shared risks, and reduced costs**. Eg: Covid-19 Vaccine development in less than a year. ***The only disadvantage is loss of proprietary but it is well worth it sometimes for Global good***

According to Webster's Dictionary, innovation is the introduction of something new like: a new idea, method, service & product or device

- Something new Consumers are looking for.
- **Innovations** are constantly occurring in every industry, but to be truly disruptive an innovation must:
 - entirely transform a product or solution that historically was so complicated only a few people with a lot of money and skills had access to it. Eg:TV

Hence

- ***Disruptive innovation*** can be defined simply as a concept, product, or a service that either **disrupts an existing market or creates a completely new market segment**.
- According to Clayton M. Christensen who coined the word disruptive in 1995, **Disruptive innovation** is an innovation that creates a new market, value network, and eventually disrupts an existing market or value network, ultimately displacing established market leaders and alliances.

- A **disruptive innovation** is often a much more simple, low-grade solution that's more affordable and accessible to a larger population, which opens it to an entirely new market. This often upturns established industries and overthrows existing market leaders. Eg: **News Dissemination**
- **Disruptive innovations** typically take hold at the bottom of the market because it meets the same needs as high-market solutions in a simple and relatively cheap way.

2. Can you give an example of Disruptive Innovation for development?

To give an example we must understand the Key characteristics

- There are several markers that distinguish true disruptive innovations:
 - They are low-cost and highly accessible.
 - They have lower gross margins than their contemporaries or the incumbent.
 - They serve a smaller low-end target market at first, before expanding to a vast market due to their accessibility.
 - They're hard to see coming and aren't taken seriously.
 - They quietly, slowly "climb the ladder" and can take years or decades to gain traction before they dramatically upend competitors. Eg: **TikTok vs YouTube**
- These products or services are usually underrated at first, and tend to be seen as "low-class." But due to their low costs, sometimes free, and other advantages, they move quickly up the market and eventually become more appealing than their sophisticated competitors

The biggest example of disruptive innovation is

INTERNET COMMUNICATION

This singular innovation changed the way we educate, conduct research, develop products, deliver services, generate models, market goods, disseminate information, create awareness, even the political landscape globally, has changed because of Internet access which led to Social Media.

Other examples of Disruptive Innovations are:

1. **Online Education:** Free training eg: Harvard Edx courses, the Research Writing in Sciences 2021 starting in April that I just registered for a couple of days ago Easy Access to Education and Scholarship – no need to pay anyone
2. **News Channels** – no need to own a TV to hear or watch the news or even movies – Youtube, Advertisement.
3. **Acting:** with Instagram Stories and now Reels, TikTok, Youtube, you can become a celebrity overnight from the comfort of your home

4. **Politics:** We can rally thousands of people within a couple of days with **minimal efforts and financial strength.**
 5. **Sale of goods, services:** You can advertise and sell kwunu aya, okpa, vegetable, fish and other products from the comfort of your homes without owning a physical store front
 6. Production and heavy equipment manufacturing scaled
 - a. Electric Cars, etc
3. **How will I know if my idea/solution is disruptive enough? Is there any example, reference guide, quantitative measure to assess disruptiveness, self-assessment tool I can refer to?**

According to Michael Raynor, in his book *The Innovator's Manifesto*, he said

- **“all disruptive innovations stem from technological or business model advantages”.**

Hence, we must evaluate the market, find ways to make processes better, products cheaper / affordable enough that you will break even.

The more affordable a product is, the more many people can afford it.

As we all know, population is on our side.

The most important reference guide is whether your thinking is non-existent, can you produce it at lower cost to be affordable to the masses, will it make peoples life easier. A simple example is this wood with light bulbs on it that uses double A batteries – very common in villages without electricity, with the price of Kerosene going up, more people abandoned lamps and lantern for that simple innovation that cost just N300 or below and the light can last up to a year or more of use before those small bulb dies.

So evaluate what exist vis a vis your environment, your community and see what you can do to make their lives easier. Like Gari processing for instance, we are importing the machines from China. Yet for hundreds of years our people were producing Gari the hot, tedious and hard way.

4. **Managers today have a problem; they know their companies must grow. But growth is hard, especially given today's economic environment where investment capital is difficult to come by and firms are reluctant to take risks. Managers know innovation is the ticket to successful growth. But they just can't seem to get innovation right. What do you think is the way forward?**

Depending on if the company is small or large, there are various options for funding. The question is whether our business men and women are willing and patient enough to honestly DO THE RIGHT THING.

- Does the company have a good business plan with a well-articulated Executive Summary? Not something you just slap together.
- Do you have good record keeping? Expense/Income record, salary records, etc.

When you understand these features of Disruptive Innovations (**low cost, value added, accessible to larger population, makes processes easier, etc**), then you can develop new markets by unleashing disruptive innovations using these 6 keys given by Christensen (2003): Business managers must know that:

1. Disruptive innovations spur growth. Spur customer interest by making it cheaper, simpler, smaller, and more convenient to use than incumbent/existing innovations
2. Disruptive businesses either create new markets or take the low end of an established market. **Managers must understand competition.**
3. Don't try to change your customers—help them. Be customer focused by allowing their **need** influence your innovative design. Making the tasks people are trying to get done easier should inform your design. Eg: viral alternative Yam farming video. Create Planting pots
4. Disruptive opportunities require a separate business-planning process.
5. Understand and Integrate at the cross-section of **“not good enough”**. Understand the optimal scope of your innovation. One critical decision-making mistake most businesses make is **innovation-driven** growth instead of **value driven**. Are you adding value?
6. **Be patient for growth but impatient for profitability.** Disruptive businesses don't grow big very fast so managers in new-growth businesses need to be patient with sales volume. Give customers time to warm up to the uniqueness of your product or services. Be impatient with profitability by exploring unique market entry and where value is needed

Most importantly, Managers must be ready for the CHANGE

5. Can you justify that Crises like the Covid-19 pandemic force businesses to reassess their strategy and investment focus, and to make urgent, often dramatic choices?

Of course. Only fast thinking business can survive the Covid-19 Pandemic.

The Pandemic hit like play like play and took a whole year out of our lives, business, education, and even development.

So, there is an urgent need to evaluate our strategies of doing business to survive The Pandemic has also exposed our inadequacies, but has open a whole new way of doing business.

Hence Open Innovation is encouraged. Collaboration is Key

For instance, a friend of mine in Abuja, saw how his meat seller in the market was struggling during the pandemic and she helped him with just one post with pictures of goat, chickens, and lamb, offering to help kill, cut and then you just pick it up with the man's phone number along with a 1 minute video posted on Facebook. By the end of that week, the man had to order more stock.

Business owners have to make dramatic changes and think fast.

6) What do you think could be Keys to Building New Markets by Unleashing Disruptive Innovation

According to Prof. Christensen et al. (2000), the key features of disruptive innovation are:

- (1) finding and **locking customers** in a new way;
- (2) accepting **lowering gross profit**;
- (3) following the traditional trajectory of improving the performance valued by mainstream consumers;
- (4) introducing new trajectory of performance and improving performance along parameters different from the traditional ones

When you understand these features then you can develop new markets by unleashing disruptive innovations that is growth and market development focused using these **6 keys** given by Christensen (2003) for unleashing disruptive businesses that I mentioned before.

What do I mean by that?

Businesses with good products and documented track and financial records have gotten financing from government and non-governmental agencies

The major key is FUNDING

Our banking systems in Nigeria needs revamping.

They should be willing to support businesses with good collateral, products, services, and a great business plan

Banks should loan out money with **better/lower interest rates** to enable business to survive. It is impossible for a business with a loan that has **20% interest rate** to survive let alone pay their monthly loan services while taking care of their other business obligation honestly.

Financial institutions need to encourage research and development which engenders innovative thinking and in turn improve our market creating better lives for all.

Collaboration between educational institutions and industry can also drive innovative ideas and encourage open innovation

Managers must be ready for the change

1. Disruptive opportunities require a separate business-planning process.
2. Disruptive innovations spur growth.
3. Disruptive businesses either create new markets or take the low end of an established market.
4. Don't try to change your customers—help them. Allow the tasks people are trying to get done inform your design.
5. Integrate across whatever is not good enough.
6. Be patient for growth but impatient for profitability.

7) Has an understanding of disruptive innovation helped in our business? Share your insights?

Of course, it has in most countries and “**Nija no dey carry last**” so we will surely get there.

Human beings and Nigerians are no exceptions **DO NOT like CHANGE.**

But an understanding of disruptive change with innovations that help make the lives of people, processes of doing things faster, method of acquisition and implementation better and easier, and managers who are customer need-driven actually helps our businesses and innovators work easy.

Understanding that DISRUPTIVE is not synonymous to DESTRUCTION helps bring the positive out and enables easy adaptation and acceptability.

8) What's Really Disrupting Business development? Is it Technology?

Absolutely **NOT TECHNOLOGY**.

Technology has actually been the biggest **spur** for business development all over the world and in Nigeria.

What has hindered Disruptive Business Development are:

1. **FINANCE**, Funding has been the biggest obstacle or hinderance to disruptive innovations and development in places like Nigeria.
 - a. There is a need for government to facilitate funding for innovators like negotiate lower interest rates or even a profit-sharing partnership
2. **INCONSISTENT GOVERNMENT POLICIES**
 - a. Nonexistent method of talent management
 - b. Not setting clear standards for innovators and innovations
 - c. Not monetizing talent pools to bring in funds from international bodies. We have brain drains because Nigeria has no clear path for developing their talents so they get tapped by international organizations
 - d. Lack of encouragement for startups
3. **EDUCATION**: We have to make our education relevant to the industry.
 - a. Total re-envisioning of our educational structure
 - b. There is an urgent need for curriculum change in higher ed. to match the changing emerging market
 - c. Educational reform to make access to education in all forms available. Eg Technical education
 - d. Career development as early as in secondary schools. Today one does not need a 4year degree to get the desired practical training to become a content developer, quality examiner, App developer, manufacture cars or machinery
 - e. Encouraging extracurricular training to enter the market and create economic growth
 - f. Continue to fund and encourage Youth Entrepreneurship
 - g. Creation of Talent Development Hubs like Lagos State is doing (other states should emulate)
 - h. Encourage PRIVATE investment/investors
4. **INTEGRITY & TRUST** or lack thereof, this hampers COLLABORATION and even FUNDING
5. Create **AWARENESS** to:
 - a. Encourage private investments
 - b. Improve Talent shortage and not all our students need to go write JAMB and go to university

c. Encourage increase in startups

6. Insecurity in all fronts. Political, personal, financial and infrastructural insecurity. Insecurity is the biggest **Disruption** to business development in Nigeria.

9) How do you think Disruptive Innovation has spur much-needed improvements in educational sector development?

The western world has improved significantly and a disruptive pandemic like COVID-19 has increase the pace of growth.

In Africa and Nigeria in particular, we are in a **sink or swim** situation and I think so far so good, the educational sector though struggling are working hard to catch up with and accept technology. For instance:

1. Instead of the sporadic or spatial existence of Online Distance Education in Nigeria, NUC is now involved and encouraging universities to offer online learning to students. Not all potential students can leave their jobs to go back to school, so this option allows more Nigerians to get educated at their own pace while creating a growth in IGR for the institutions.
2. Open education with the use of disruptive virtual technology is a direct course of increased access to education.
3. Financial accountability: reduced misappropriation of funds and better accountability in regards to tuition payments
4. JAMB Open Central Admission Systems has streamline admission stress and corruption to some extent

10) Everyone Knows Innovation is Essential to Business Success— but innovation was not ranked high on their list of priorities. What are they not seeing?

THE LIGHT AT THE END OF THE TUNNEL

LOL

They have seen **CHANGE**, they like it, they even admire it, but **CHANGE** is **HARD WORK** and not everyone like to do hard things. Laziness

Without change, there can't be development.

Disruption is good, disruptive Innovations that add value, that are affordable, available, accessible, makes life easier, increase our financial bottom line, is good for development.

BUT OUR PEOPLE PERISH FOR LACK OF KNOWLEDGE, SO WE MUST CONTINUE TO DISRUPT, EDUCATE, AND CREATE AWARENESS.