

## Management Summary

When writing about disruption authors generally focus on the disruptor itself, paying less attention to what happens to the established companies around the innovator, the ones that were already operating in a given industry. Understanding the way they react is essential since the success or failure of the innovation brought by a new entrant depends not only on the innovation itself but also on the way the whole ecosystem behaves, the barriers the innovation may find, the situation in which established company are at the moment of the disruption and their ability to review and adapt their own business model in order to effectively react.

Even for new entrants the matter is relevant since it allows to analyse the reaction of established companies disrupted by them, but also because eventually every successful new entrant becomes an established company and therefore they must be able to evaluate the threats new innovators may represent for them in turn, decide how to react and understand the scenario in which they are going to compete.

This thesis proposes three interrelated frameworks aiming to appraise threats, capture reactions, identify the scenario in which the established companies will be and provide them with recommendations to compete in the best possible way.

The first framework, called “threat-evaluation” framework classifies the kind of threat a new entrant represents for an established company. It is based on a systematic and rational comparison between companies. Companies are all different, still there is a common denominator that allows expressing any company in similar and comparable terms: this common denominator is their business models, disaggregated in the nine main components all business model have. By bringing companies into these comparable terms, the threat can start being evaluated.

Comparing companies using that systematic approach will indicate respective business models’ similitudes and differences. The point is then to understand if a new entrant, with their similitudes and differences, is able to do perform the same “jobs” the customers expect established companies to do.

Concerning “jobs” one must recognize that every company performs several jobs, being a “job” what the customer expects the company to perform in order to fulfil their needs (in order words to facilitate their lives). Those jobs are what the companies do for their customers. And some of those jobs are key, they are the essence of what the company exists for, in order terms, they compose their core business.

When a new entrant, with a different business model, is able to perform those jobs, then established companies face disruption. Disruption can be incomplete or complete, depending on the barriers to overcome (or the lack of them) which at the end translates into the time established companies have before the disruption spreads, providing them with more or less margin to react. The “threat-evaluation” will provide as an outcome a systematic evaluation of the threat.

The second framework, called the “reaction-assessment” framework captures the established company’s response. Established companies can chose to continue doing business as usual, introduce changes in their business models following a new paradigm or focusing on their own strengths to counter the threat. Eventually leaving the market is also an option to be evaluated.

The third framework, called the “threat-reaction” framework, enables scenario analysis techniques, combining outcomes from both the “threats-evaluation” and the “reaction-assessments” frameworks.

A number of possible situations emerge from that combination and scenario analysis techniques can be then applied in order to provide recommendations to the established companies about how to proceed in order to be in the best possible position to compete.

The proposed frameworks are applied as part of four case studies, in industries such as food and beverages, telecommunications, retail banking and airlines. In some of these cases the conclusions provided by these frameworks are also commented by the protagonists.

Finally conclusions and recommendations generalizing the usage of the proposed frameworks are provided.

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