Digital disruption: a discussion guide for incumbents

e	Detectable	Clear	Inevitable	New normal
isruption	Faint signals with lots of noise	Emergence of a validated	Critical mass of adoption	At scale and mature
		business model	achieved	
	What drives the economics of my	Can I do anything to halt or delay the	Do any of my new ventures give me a	What is a realistic aspiration in the
	business model, and could current technologies challenge it?	disruption? • What is the baseline trajectory of my	base from which to compete in the new model? Can I get one?	new industry context? • Is my business capable of continual
l iong	• Are there new business models that	business if I stay on the current path?	Do I understand the radical changes	self-disruption?
questions	can better match the needs of at least some of my customers?	O How important is pre-emptive action? Do I really have time to wait?	required to create a new economic engine?	o Is an exit the best option?
	Can I be a winner in the new business models? What would that take?	• What options and capabilities should I build now? How close should they be	What do I do with the old core: Keep running it for cash, radically transform	
		to the core business?	it, downsize or exit? O How can I make the case for	
		How can I rally support within the organization?	aggressively shifting resources?	
	Acuity	Action	Acceleration	Adaptation
	Gather sharp and privileged insight to work through the noise	Develop a pipeline of new initiatives with stage-gated investment	Shift resources (including management focus) from core business to double	Develop talent and capabilities required to compete in the new mod
	Challenge your own story	approach, to create options and build capabilities	down on new ventures	Structurally realign the cost base to
actions	View your business through a potential disrupter's lens	Expose the core business to competi-	Build a coalition of believers to change mindsets across the organization	match the new profit pools Evaluate 'best owner' scenarios
		tion with the new ventures If needed, begin transformation of the		
		core business		
	Myopia	Pain avoidance	Inertia	Fit
	Overconfidence	Reluctance to endure pain of upfront	Old centers of power lock in	Lack of people or capabilities to
6	• Willful ignorance (i.e., not looking for or	cost	increasingly scarce resources	compete in the new world
	wanting to see disruptive trends)	Unwillingness to cannibalize the core business	Legacy cost base becomes an anchor	Likelihood that you're too late to the game
dangers	Entrenchment in orthodoxy	Putting short-term results ahead of long-term value	New initiatives get lip service but little actual commitment	Unwillingness to make tough owner- ship decisions
		0.9 25		Possibility that the industry is no
				longer profitable

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