



Digital Leadership  
Articles

# 5 articles on disruption

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by Thomas Honoré



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# Disruption is a management discipline

26 September, 2016

Many people mistakenly believe that disruption is about technology and that you have to be a geeky entrepreneur to be successful in developing your business in the digital world. However, disruption is about everything but technology. It is a management discipline.

In connection with my book, "Disrupt or Die", I get many inquiries from organizations who want inspiration and advice on how to deal with disruption. Today, disruption is on top of the to-do-list in many companies' strategy planning, and therefore it is often the top management that contacts me. It is distinctive that the management is reluctant to deal with disruption because it smells a little of IT. Actually, they want to bring up the concept, but are nervous about whether their lack of IT knowledge will make them appear incompetent and inexperienced.

It is unfortunate and unnecessary, because disruption is not about IT!

Basically, disruption is about preparing the organization to meet new challenges and win the war against competitors. And that is not a new issue for the top management.

In any business, value creation lies in the ability to put themselves in the customers' place. It seems simple, but actually that is

exactly what typically disrupts the markets, and means that the established businesses are lagging behind.

The digital trends are rewriting the rules of competition in many industries, and the digital movements stir up more innovation and business opportunities than before. However, disruption is only created when it is put in combination with a razor-sharp customer experience. This is where the winners are found – those companies that deliver something new and extra with a better customer experience.

In order to succeed with disruption you should muster all the vigor you can possibly find in your company. You will find that your company's immune system fights change, and that your goal is typically unclear from the start. Therefore, you must set up to fail faster and learn from your mistakes. As an organization, you must unlearn some basic attitudes and see the world in a new way. This places huge demands on empowerment, change management and your management skills.

It is hardly surprising to you that the culture of a company is crucial to the ability to handle disruption. You probably also know that it is not easy to change a company

culture, but you can come a long way by being aware of what needs to be unlearned in the organization, while you break down the hierarchy and send the old culture at the dump.

You must also define the new heroes and the stories across the company, and you also have to overhaul the composition of your employees and your management team to increase your chances of turning disruption into an advantage for the company.

If you as a leader are not comfortable with these management concepts, it is probably time for you to speed up. My core value is that any leader must have a strong anchoring in the practical handling of change management, culture management and empowerment in order to be successful.



# If you do not pay for the product, you are the product

3 June, 2016

If you thought that the sharing economy is non-commercial peer-to-peer exchange between private idealists, then it is time to wake up and face the truth.

The sharing economy is without doubt one of the most interesting concepts right now, and I am therefore always curious to understand the concept, and how I can convert it to business opportunities. You might feel the same way?

The sharing economy is driven by conditions like savings – where can you get things cheaper and the sharing of available resources which otherwise would gather dust – and for the altruistic it is both green and social. It is easy and user-friendly.

One of the principles of the internet is; “if you don’t pay for the product, you are the product”. When Google makes all their information available on the web free of charge – e.g. pictures of all roads in the world or their map service, or scanning all books in the world – the motivation is purely commercial.

In the sharing economy you earn money on the traffic and on the gathering of data. The same applies to Facebook where we all can share on a free platform. Behind this is a machine that gathers data about us which is sold for advertising, profiling, and many other purposes.

So no matter if you drive a private taxi, share your home, give a helping hand to your neighbor or sell your furniture on an internet portal, you are part of the sharing economy. It is very important to underline that the sharing economy is not

a non-commercial peer-to-peer exchange between private persons. In many cases it is actually the contrary! The cases, where the sharing economy becomes successful is when the good sharing-idea is discovered by commercial companies with the strength to massively spread it out.

Another circumstance that strengthens the sharing economy is the fact that customers often participate in marketing. Today, Tripadvisor is the hotels’ most important marketing channel consisting of reviews written by the users. Furthermore, the tourist industry is using free hot spots in order to get the tourists to upload pictures from their vacation on social media.

And the same way as marketing can be outsourced and involve users, so can customer service. In the sharing economy, where the customers feel like “members”, they are more ready to help each other. Making customer service much cheaper for the company. If you have tried to review something for Tripadvisor, you have probably received mails with questions from other users about the place you reviewed. And you have most likely answered them, and thereby contributed to the community, and in reality provided free customer service for a hotel or a restaurant.

Innovation is also an area where the sharing economy can contribute. R&D is

typically happening behind closed doors. However, instead of keeping innovation in-house, open innovation processes can be more effective. This is a model that many traditional companies should consider.

Financing is also a way of attracting customers. Crowd funding or Crowd lending are just a couple of examples. Here the customers/investors are offered a product at a certain price, however the product will not be developed until there is enough money to start the production.

The greatest barrier for the established business world lies in the mindset behind the sharing economy. A mindset of opening up and making available for others. In short; to share. The simple thought that others can benefit from our resources, is further from the mind of most companies, when this is not just about their own product.

My appeal is therefore for companies to open up and view the limits and resources of the business differently than they did previously. Opening up the company’s ripple effect brings more growth opportunities, more business and not least better earnings. But it does require a significantly different mindset.

# Bypass the company's immune system

28 February, 2017

Why are so many change projects not successful? And why do so many good change initiatives end up in the dump? The reason is the company's strong immune system.

Usually, we are grateful for our immune system. It takes care of us, keeps us healthy, and attacks exogenous viruses. This is also the case when it comes to the businesses where the immune system ensures the company's competitiveness. It is the company's immune system that constantly ensures that employees are loyal, and that they deliver good results. It is also the immune system that makes employees fight fiercely for their business in order to win over their competitors and develop the best company. In short: The immune system takes care of the company.

When the immune system fails, the company loses momentum. The good employees leave the sinking ship and customers find other partners. Therefore, a strong immune system is critical to a company's survival.

The immune system is built over many years, and has taught itself how it takes care of the company through an intricate network of ingrained habits, world view, patterns, attitudes, culture, achievements and plans. The problem is that the immune system is very bad at changing attitude and behavior. What was good yesterday is also good today and tomorrow. This way, the

immune system becomes the number one enemy of change, because it perceives all changes as threats and thus attacks and kills not only the bad - but also the good change initiatives. The key to successful change management is thus to either bypass or re-educate the immune system in your business.

With the entry of digitization and disruption in today's business world, managers rarely have time for the extensive processes of change. As a leader, you often need to change the direction of the business rapidly and under pressure. There are many books about change management, but my practical and personal recommendation is that you start by promoting the heroes and start training for change.

The immune system follows the heroes in the company, so you must define new heroes also called role models in order to get the immune system on your side. Highlight employees, groups, and leaders who have the skills, attitudes, and ways of working that are right for the company's future. And make sure not to promote the heroes of yesterday when it comes to visibility, promotion, work assignments, and salary increase. The former heroes have served their role, and if they have not joined the journey, they nourish the immune system

that attacks change. The immune system follows the new heroes and helps them on their way, because they are the definition of success.

Start by small and frequent changes. The immune system becomes confused when the climate changes, and when the pace of change suddenly increases. Start by changing small things in the company, such as the physical environment (canteen, parking, coffee makers, wall colors etc.), and working and meeting set-up (fixed seats, home offices, stand-up meetings, start/end on time). Start small and develop employees' ability to respond to change. Then the immune system gets tired and receptive, when you then launch the great and pioneering change projects, which almost certainly involve extensive digitization effort, organizational change and/or process optimization.

Then, the immune system picks up the new agenda in the company, thus becoming a co-player rather than an opponent. However, the immune system must not be tired for too long, since it does take care of a very important function. So be aware to give the new and improved immune system time to recover and re-establish, otherwise both the immune system, the organization and employees are worn-out. And nobody benefits from that.

# Social media sends the Law of Jante into retirement

25 October, 2016

Social media has legalized the story of our success. We promote ourselves as never before, and it has become acceptable in a culture that for decades has been infused by the Law of Jante.

A few weeks ago on a Friday afternoon, I was scrolling through my social media channels.

After having scrolled through finance news on Twitter, I headed for business news on LinkedIn, then to my friends' updates on Facebook, and finished off on Instagram for a quick look at my interests. I usually also visit my company's internal channel, Yammer, to see what is going on in all the corners of the company on the informal side.

The entire social session takes around 5 minutes, and afterwards I feel updated on what is happening in the world, the company, my profession, my network, and my friends and family. On average, I take what I call a "social browser" three times a day. This Friday, I became aware of an update from a person in my network who had proudly taken a selfie heading into a private plane. The person is a skilled and successful businessman who was going on a business trip and was proud of being

able to take a private plane. There were many positive comments and "likes" on the update and the Law of Jante did not show its face – at least not on social media.

I actually think it's great when successful people are proud of their achievements and don't downplay their success to dampen the jealousy of the Danish national spirit. I believe that celebration and showcasing successes have a positive effect on other people, no matter if it takes place in business or private. Nothing succeeds like success.

I acknowledge that Facebook and other social media is very much "see me – hear me", and social media is increasingly used for self-representation and self-promotion. I am also aware that we always post the positive aspects of ourselves and our achievements, as when the dad posts a picture of a freshly baked banana cake Wednesday night at 22:00 with #Dadincharge or when the business woman posts a link to a news broadcast, where she was interviewed about her startup business with a #entrepreneur to the link. I think it's refreshing that people show their happiness and pride so directly.

Just think of yourself. I am sure that the first thing you did the last time you got a new job was to update your LinkedIn

profile with a post of how much you're looking forward to the new challenges. You took the opportunity to promote yourself and your company, which I think is extremely positive.

The limit to what we post about ourselves is clearly moving, and I believe that this trend will continue. Over the next years, we will experience a social shift where posts are becoming more personal and self-promoting. And those who listen to the social channels will accept the development because the personification makes the news more exciting. The good thing about social channels is that listeners can easily turn off the channel if the messages are too "noisy" compared to their own values and attitudes. Of course, you do not want to see banana cake posts every week, but you would like to receive updates that bring news or insight – whether big or small.

Fortunately, the Law of Jante is retiring, and our use of social media will push it into the grave. It's positive because there is no room for the Law of Jante in a world where people are proud of their achievements and performances, and where people are eager to tell the world about them.

# Digitization is not an intangible business development

18 August, 2016

Disruption has become a buzzword, which is often labeled with digitization. Even though these concepts are related, it is important that they are not put in the same category. Learn how to distinguish and get ready for the digital change and opportunities in this column by Thomas Honoré.

I regularly speak with business leaders who find it difficult to see how they can take advantage of the digital opportunities in their business. It is too vague, too intangible and too unclear, they say. And several of them have difficulty in distinguishing between the concepts.

So let me start by trying to get the concepts right.

Digitization is first and foremost about optimizing your business by using software and IT solutions that make it easier, cheaper, and better to service and deliver to customers. Disruption is about a fundamental change in your business driven by changing market conditions. The relationship between the two concepts is that disruption is often driven by digitization.

When Mofibo disrupts the book market or when Nemlig.com disrupts the retail market, they do it with a business idea that is born digital, and which brings entirely new competition in to the market. When COOP establishes an online supermarket it is about optimization and development of their current business through digitization.

Therefore, it is important to realize whether you want to disrupt or digitize.

However, no matter what your wish is, you must have a plan for how the new digital opportunities will affect your business.

When you talk about digitizing, it is no longer a question of whether established companies should digitize – it's a question of how and how fast they can get started. Digitization, as opposed to disruption, is "just" about automating the manual procedures in your company

When the customer calls the company's customer service it requires manual resources, which in many cases could be automated by self-service. Most likely the customer would prefer self-service rather than being stuck in a telephone-line. When a finance assistant enters invoices into the company's ERP system and sends for approval and payment, it is a manual process that does not create any value, and which could benefit from automation.

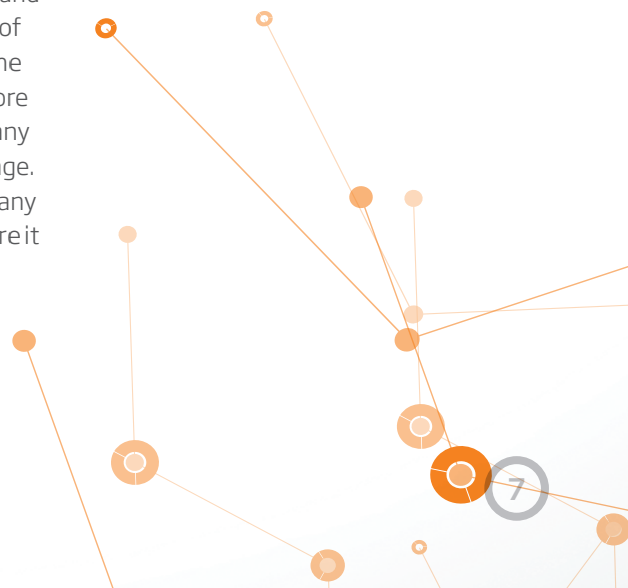
By digitizing manual business processes you release resources that can create value and improve competitiveness. The majority of a company's processes are essentially the same as the rest of the industry, therefore these processes do not make the company unique and give no competitive advantage. By digitizing these processes, the company can focus on where it is unique and where it creates value for its customers.

My advice is to start by outlining the manual processes that could benefit from being digitized.

Ask yourself these questions:

- Which manual processes do not create value in my company?
- How can I improve the customer experience by digitizing?
- Where am I unique compared to my competitors?

Digitization is not an intangible business development. On the contrary, it is tangible actions that will improve earnings, productivity and customer satisfaction.





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Thomas Honoré is Chief Executive Officer and President of Columbus and was appointed in 2011. Thomas has more than 15 years of experience from the technology and consulting industry working for large international companies. Thomas has a proven track record in generating rapid-growth and profitability and is highly skilled within general management, consulting, sales and marketing.

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