

Crossing the Chasm – How Innovation Really Works...

By *Dr Simon N Davey, March 2019*

A camel, a tiger and a unicorn walk into a bar. Or rather into a CMCE seminar...

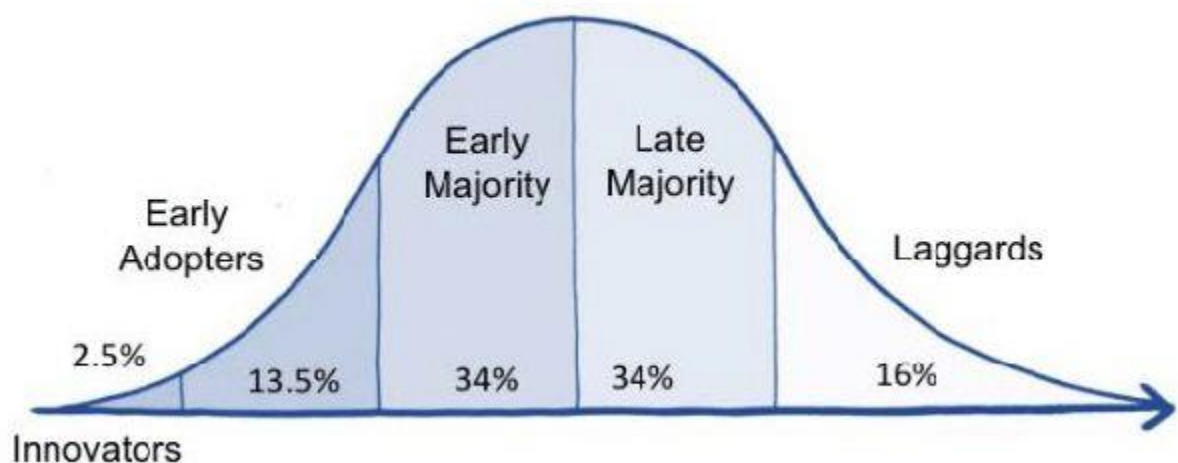
The latest Centre for Management Consulting Excellent (CMCE) event brought us 'Diffusing Innovation', subtitled 'How good are we at taking ideas to market?'

Too many chasms to cross?



Shailendra Vyakarnam,
*Director of the Bettany Centre for Entrepreneurship
at Cranfield University*

Shai Vyakarnam opened proceedings referencing *Rogers Innovation Curve (the Diffusion Process) 2003 edition* – an 'innovation' on the 1960s original ^[1]. We reprised the changes between innovators, early adopters, early majority, late majority and laggards. A wise management theory but why doesn't it work all the time? ^[2] And why are we applying management theory from farming?



Rogers-adoption-innovation-curve-Adapted-from-Rogers-E-2003-The-Diffusion-of (2)

The drawback of the Innovation Curve is it lacks numbers (scales). The theory is there but the timeline is missing - no one knows how long it will take to get the idea to market (from launch to maturity). And no one knows how many customers the model will predict.

But does it matter if we don't know the size of the market or whether the cash runs out before we break even? (*sighs ironically*).

What we do know is it takes time to build businesses, even in the unicorn world (*Facebook* and *Twitter* were not overnight successes and *Amazon* certainly wasn't). In aerospace, that timeline might be 12 years, in EdTech it might be 5 to 7 years.^[3]

Which brings us neatly to **Moore's Chasm (1991)**^{[4][5]}. A brilliant story of the four phases (three chasms) but largely a story with no data. It talks of *Innovators*, *Early Adopters*, *Majority and Laggards*. The traditional model assumed that, in the lifespan of a product, the available market is first dominated by the innovators, then the early adopters and on down the line. ***This model implies a level of inevitability in the flow of one category to another. But it can't be that simple? It isn't!***

The inflexion points depend much on the business cycle and maturity of the product which bring us neatly to *Shai's Triple Chasm Model*. Each chasm is a 'stop phase' where customer addition falls off (the chasm or inflexion point). It may be moving from R&D to a more sales-based approach, it may be going global. Each chasm takes energy to cross (it would, wouldn't it).

Chasm One (innovator to early adopter; concept to prototype) has two crucial vectors: (a) framing the proposition in a competitive environment [what is it?] and (b) technology development and deployment [does it work?]. Framing can often be materially simplified e.g. an instrument which reduces bacterial load is really just a clever vacuum cleaner sucking the gunk out. Beware of overcomplicating your product and its benefits.

Chasm Two (early product/service proving the business model) is where the proverbial hits the fan which brought us neatly to the responses. We'll return to Chasm Three (scaling up the challenge) at a later date. Or you could read chapter three of ***Shai's latest book: Camels, Tigers and Unicorns***.

Disloyal since 1993



**James Woudhuysen, Visiting Professor
of Innovation and Forecasting
at London South Bank University**

I feel I missed out by not being around in 1960s. Not the free love, but the great dissenting voices – *Galbraith*, *Thomas Kuhn* (who introduced the term 'paradigm shift')^[6] and *Rachel Carson* (of *Silent Spring* fame who arguably started the environmental

movement)^[7]. But there is much to take forward and *James Woudhuysen*^[8] reminded us of the benefits of remembering history.

His recommendations included:

- Mobilising criticism against management theory rather than blind acceptance and jumping on bandwagons
- Knowing the etymology and intellectual history of ideas and how meanings change – we play with words like innovation - understanding and interrogating categories and what they mean now.
- Appreciating, or realising, the disloyalty of customers – do you really think they're that into you?
- Understanding the distinction between being scholarly (an attitude and state of mind) and academic (sometimes divorced from reality)
- Be historical, ideological and critical but not contrarian. In other words, have a different, evidence based viewpoint but don't be different for the sake of it.

He also reminded us that the great *Clayton Christensen (Innovators Dilemma and more)*^[9] was talking about market disruption and not eternal technological disruption.

How does management consultancy innovate?



**Dr James Wilk, Liveryman
Associate Lecturer in Philosophy at St Edmund Hall,
Oxford and Research Director of Interchange Research**

James Wilk took us back to a time when *McKinsey* and *BCG* were small boutique consultancies. Historically, big incumbent consultancies were innovative around technologies but not so innovative in their consultancy methods.

In the old days, the consultancy business model was very much 'time and materials', although in actuality selling knowledge and know-how. So it was 'move over CEO' as the consultants rolled their sleeves up and cashed in on implementation spend.

McKinsey and *BCG* entered the market selling 'advice' and appeared as upstarts.

The original pricing model morphed to a linear charging model (and allowed businesses to scale much as accounting firms had) and resulted in two primary aims of getting a pipeline of clients and recruiting and training consultants to serve them.

The business model became 'lot of it, for a long time' – good for the bottom line of said consultancy but doing nothing to encourage efficiency, effectiveness and speed. Why would

you do it well and quicker if the consequence was earning less money? If the key metrics that mattered were how many people, how long and what rate?

The alternative, educating clients and providing an economic incentive to adopt innovation both increased speed of delivery and minimised interference in the client business. This is better for clients and, if served well, works well for consultancies (and consultants) and forces both client and consultancy to innovate (rather than serve the same overpriced stodge).

To James' final words: "We've met the enemy and it is us." Well maybe not, but if you will hire a consultant with an Aston Martin you probably deserve what you get. (To the best of my knowledge, James doesn't drive an Aston Martin.)

Shingleton's Chasms



**Anthony Shingleton,
EMEA Executive Regional Manager
at Simpler Consulting, an IBM company**

But how many of us get the time to theorise issues of innovation in our business? What value is the dusty old model in the real world? *Anthony* distinguished innovation from invention (too commonly mistaken) with the former as '*adopting tools and techniques yet staying true to our principles in a constantly changing market*'.

Shingleton's Chasm One is about generating cost (ouch!). It's building the infrastructure to service customers. Bringing what you're good at to a different bunch of people in a new environment. It explains why most sole traders and small businesses never grow.

Shingleton's Chasm Two involves education, primarily educating others to sell you and your work and recognising those salespeople are not experts.

Shingleton's Chasm Three is about the limits of human capacity. Our ability to deliver consistently versus our reputation. It might fall down with poor onboarding or simply trying to do too much.

Shingleton's Chasm Four is about having time to think rather than perpetually circling the hamster wheel. We need enough time to keep it simple so clients don't have to overthink.

In the round

Yet however many experts present from the floor (and *manel* considerations aside), the rich intellect and experience of the audience was brought to the fore.

We felt clients frequently misunderstood where they are on the innovation cycle and overestimate the progress they've made. In a *camels vs unicorns* moment, we questioned whether business seeking growth (a) had the skills to evolve, (b) had the resources to evolve, (c) knew where they wanted to get to. Could they always '*handle the truth*' as Col Jessup might say? The key aspect was for clients to know when they were in a chasm and pivot accordingly but that likely required coaching and consultancy (it would, wouldn't it).

We recognised a conspiracy of lying between consultants and clients (or at least those hiring in the clients). A reliance on overcharging and rubbish concepts (so called body shop projects – lots of bodies on the project) as opposed to small highly chargeable innovation. The latter is about enabling your client to do what they said they couldn't, and to do it well.

We wondered if this was about scale or type of project? Innovate or productise consultancy, subject matter expert or high volume sales. And does every business want to grow or simply sustain and do its best, but comfortably.



And in conclusion, the million dollar question is what outcome do we want from innovation in management consultancy? Growth in consultancy; or value for the client; which brings us back to the Aston Martin conundrum again. Oh well, it looks like it's time to go big, go niche or go home.

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[3] Overnight success now takes a little more time - <https://techcrunch.com/2018/11/15/overnight-success-now-requires-a-little-more-time/>

[4] Crossing the Chasm in summary - <https://medium.com/west-stringfellow/crossing-the-chasm-summary-and-review-9cfafdac9180>

[5] Why Crossing the Chasm is Still Relevant (2013) - <https://www.forbes.com/sites/danschawbel/2013/12/17/geoffrey-moore-why-crossing-the-chasm-is-still-relevant/>

[6] Thomas Kuhn https://en.wikipedia.org/wiki/Thomas_Kuhn

[7] Rachel Carson, Silent Spring <http://www.rachelcarson.org/SilentSpring.aspx>

[8] James Woudhuysen, Thinking About the Future <https://www.woudhuysen.com/>

[9] Clayton Christensen and what innovation means <http://claytonchristensen.com/open-innovation/>

You might also be interested in Charity Comms Innovation Report - <https://www.charitycomms.org.uk/innovation-report>