The innovator’s Dilemma
When New Technologies Cause Great Firms to Fail
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This book takes the radical position that great companies can fail precisely because they do everything right.
It demonstrates why outstanding companies that had their competitive antenna up, listened astutely to customers, and invested aggressively in new technologies still lost their market leadership when confronted with disruptive changes in technology and market structure. And it tells how to avoid a similar fate.
Christensen argues that good business practices-such as focusing investments and technology on the most profitable products that are currently in high demand by the best customers-ultimately can weaken a great firm. Drawing on patterns of innovation in a variety of industries, including computers ,retailing, pharmaceuticals, automobiles, and steel,he shows how truly important break-through innovations-or disruptive technologies-are initially rejected by main-stream customers because they cannot currently use them. This rejection can lead firms with strong customers focus to allow strategically important innovations to languish. An excessive customer focus prevents firms from creating new markets and finding new customers for the products of the future. As they unwittingly bypass opportunities, such firms can clear the way for more nimble, entrepreneurial companies to catch the next great wave of industry growth.
Using the lessons of successes and failures of leading companies, *The Innovator’s Dilemma* presents a set of rules for capitalizing on the phenomenon of disruptive innovation. These principles will help manager determine when it is right not to listen to customers, when to invest in developing lower-performance products that promise lower margins, and when to pursue small markets at the expense seemingly larger and more lucrative ones.