

Do the disruptive innovation theories apply to policy?

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Can the explosive rise of some presidential candidates that nobody took seriously, as Donald Trump, be explained by the disruptive innovation theories?

Following the publication of professor Clayton Christensen's book "The innovator's dilemma", the theory of disruptive innovation made its way through the business world. As a consequence of the popularization of the terminology associated with this theory any innovation that seemed to have some power was described as "disruptive", without consideration to the requirements the original theory sets to describe it as such.

Disruption is a process by which a small company with limited resources is able to successfully challenge companies that dominate a sector. The reason for its success is that installed companies are concentrated on improving its products to satisfy the most demanding consumers which, at the same time, tend to be the most profitable. The problem is that in that effort they went too far and ended up offering products whose performance exceeded what was required by a growing part of consumers.

When the industry reaches the point that provides consumers something that exceeds their needs, they cease to be willing to pay more for successive improvements of the product. This is the opportune moment for the entry of the disruptive innovator. His success formula is targeting segments with low requirements, offering products that have an inferior performance –even deficient– on relation to prevailing attributes from the point of view of these demanding customers, but enough for them. This product limitations generate cost savings in production that helps to introduce simultaneously new attributes that are appreciated by the targeted segment. For this not to be a mere niche strategy it is necessary two important facts to happen with the passage of time. First, the disruptor must improve the performance in traditional attributes, reaching the standards required by the bulk of the market. Secondly, the additional attributes –

those that were originally introduced thinking in a specific segment– turn appetizing also for the bulk of the market.

DOES IT APPLY FOR POLITICS?

In an interesting article written recently by Ian Leslie¹ the author seeks to apply this theory to explain the success of Tycoon Donald Trump in the race for the Republican nomination in the United States. Applying the model, he visualizes his contenders – the Republican establishment- as the equivalent of the incumbent companies in a sector. Trump fits well the figure of the disruptor, especially about the scarcity of resources. His campaign spending has been significantly lower than the one of his contenders and has been funded in large part with his own resources.

Leslie approach seems to me to be provocative but immediately appears an obstacle in the way in which the model is applied: in what attributes the establishment exceeded the market expectations? It is important to make a precision: in Christensen model consumers are always rising their expectations, the problem is that the industry performance increases at a faster rate. This trend is not perceived in American political life. It is in that point that I believe that it is necessary to innovate in theory: there are times that the problem isn't the slowness in the increased demands of consumers, but that these demands are decreasing. Why does this happen? The reason is what I call 'consumption enabling capabilities'.

The political candidates “offer” has two components. One of them is ideological, the other professional. Elections tend to be decided by independent voters who appreciate much more the professional component. So politicians seek to improve their technical proposals and demonstrate their suitability to carry them out. But for these attributes to be recognized is necessary an enabling capacity: education. What happens if the voter education is declining? In that case the problem is not that the consumer does not assess the candidates proposal, but she lacks the tools to understand the problem and therefore to assess the quality of sophisticated solutions.

In a study conducted by The Boston Globe² on what is the level of difficulty of the speech of Trump, it was estimated that it is understandable for children with fourth grade. It is the most basic speech of all the contenders. It doesn't matters that Trump, in each of the major issues, has said something and then opposite. For his constituents the important thing is that he understands their frustration facing the word challenges they know they are not trained to deal with and they like his basic solution: isolation. Ideas such as walls to prevent immigrants from competing for not qualified jobs, to “order” American companies to close their factories in China and install them back in the United States to recovering the "blue collars" jobs and to raise protectionist barriers.

On Christensen's disruption theory, after its initial but limited success, the disruptor begins to improve in the traditional attributes to also fulfil the bulk of the market, at the same time he provides the additional value of the new attributes. That is not possible in Trump case because the needs of the original segment are contradictory with those of the bulk of the society, which still understands what is happening in the world.

If Trump understands this logic and wins the Republican nomination, he will need to drastically change his speech. If not, United States will have the first woman President in its history.

FOOTNOTES

¹ "Donald Trump and the GOP's 'Kodak error'", Ian Leslie, *NewStatesman*, 02/03/2016.

² "For presidential hopefuls, simpler language resonates", *The Boston Globe*, 20/10/2015.