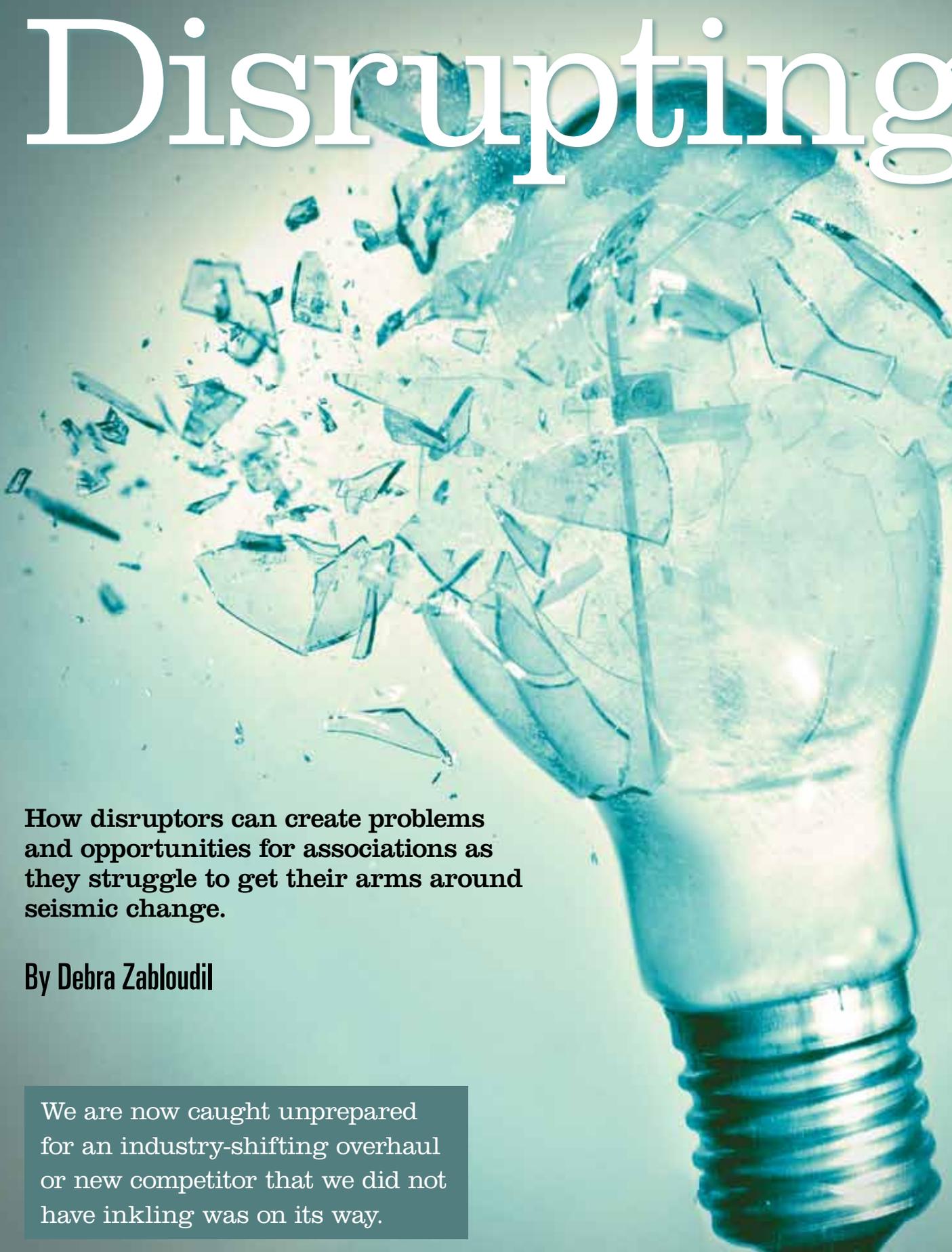


Disrupting



How disruptors can create problems and opportunities for associations as they struggle to get their arms around seismic change.

By Debra Zabloudil

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The Association

Change is all around us. It permeates every aspect of life—from how we work, to how we interact with friends and family to how we travel and spend our leisure time. Most of us have gotten pretty good at expecting change, and even adapting (albeit begrudgingly in some cases), to the changes that life throws our way.

But then there's *disruption*. To be sure, not every change is disruptive; sometimes it's simply change. We have new competitors, different allies and sometimes are expected to welcome former competitors under the tent that we formerly perceived as fierce competitors. However difficult, that is change. We know it when we see it, we may not like it but it's ever-present and something we need to learn to contend with, anticipate, lead toward and manage.

Disruption is different. In fact, we often don't realize it's coming. It can feel like an oncoming train that we don't see coming down the track, until . . . bam! We are now caught unprepared for an industry-shifting overhaul or new competitor that we did not have an inkling was on its way.

WHAT IS DISRUPTION ALL ABOUT ANYWAY?

Many consider the "father" of disruptive innovation to be Clayton Christensen

from Harvard. Clayton defines disruptive innovation as a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves upmarket eventually replacing established competitors." So what does that mean exactly?

In layman's terms, it means there is a new force in the market that changes the way that entire industry does business, the way its consumers purchase, and what they value.

SIGNIFICANT DISRUPTORS

Digital Photography. One of the most notable disruptions happened several years ago and involved a name that was synonymous with photography: Kodak. Once the heavyweight of the photography industry, Kodak became an outdated dinosaur, ultimately filing chapter 11 and closing its doors just a few years ago, after not reacting quickly enough to the digital photography revolution.

Imagine this: Kodak *literally* invented digital photography, yet this phenomenon is also the very thing that brought them down several years later. Why did this happen?

Kodak invented the digital camera as far back as 1975, yet put it on a shelf. They were busy with their current business model, and did not keep pace with later entrants to the market that were rapidly growing in this new area

This	Disrupted	That
Personal Computers	→	Mainframe and mini computers
Cell phones	→	Landlines
Retail Medical clinics	→	Traditional doctor's offices

Kodak was also not as nimble as their competitors in getting themselves to market, and consequently, unable to withstand the competition and the downturn in the US economy. The other, and perhaps most obvious problem for Kodak: they were in the film and print business. They were too closely guarding their own turf to believe what they were seeing all around them. Too many in the company still felt film was going to make a comeback.

The Shared Economy. Another example of a major disruptor represents what is now known as the “shared economy.” Two of the big companies we know in this industry are Uber and Airbnb.

In the case of Uber, this company coming on the scene changed the landscape of the taxi and sedan service industry dramatically. Now valued at \$18.2 billion by investors, the company was started by entrepreneur Travis Kalanick and has been a lightning rod for criticism since its birth. Cabdrivers say the new services have an unfair advantage because, in most cases, they are allowed to operate free of the rules, regulations and licensing requirements of traditional taxis.

According to Bhairavi Desai, the head of the New York city’s chapter of the Taxi Workers Alliance, the emergence of Uber and like companies has energized cabbies nationwide. As independent contractors, drivers typically struggle with low wages, no benefits and long hours. The average annual income for a cabbie in the United States is \$22,820, according to the U.S. Bureau of Labor Statistics. This makes drivers particularly vulnerable to new disruption on the scene.

In the travel/tourism space of the shared economy, the biggest disrupter currently is Airbnb.

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Airbnb is a company that has created an online community marketplace that connects people looking to rent their homes with people who are looking to rent, typically on a short-term basis, as they would have rented a hotel, inn or other type of venue.

The effects of Airbnb on a large-scale city like New York? Enormous.

Strict laws enacted to prevent abuses by users of Airbnb are putting the city’s legitimate bed-and-breakfasts out of business. This is because regulations aimed at keeping apartments from turning into illegal hotels are now being applied to B&Bs that have been operating for years.

3-D Printing. 3-D printing is making its way into the market in a significant way. According to McKinsey consultants Daniel Cohen, Matthew Sargeant and Ken Somers, the advantages of 3-D printing over other manufacturing technologies could lead to profound changes in the way many things are designed, developed, produced, and supported. This new disruption is called “additive manufacturing.” It leads to accelerated product-development cycles, new business strategies and new competition for manufactures.

This new technology does, however, lead to new opportunities. While there is a wealth of knowledge around design for manufacturing, much less is available on design for printing. This is a significant opportunity for the need for education and knowledge consumption, with the potential

for the types of skills needed in these companies shifting.

WHY SHOULD ASSOCIATIONS BE CONCERNED WITH DISRUPTORS?

Disruptors can create problems and opportunities for associations as they struggle to get their arms around seismic change.

- **Threats to membership.** A new, industry-altering player on the scene could threaten your existing membership and all the long held beliefs about how things should “be done”. This can create friction and angst amongst, and within, your membership. Should this new player be sought out, let under the tent, or be viewed as a threat to the core of its industry?
- **Advocacy.** From the perspective of advocacy and legislation, sometimes groups will immediately cling to the idea of lobbying against changes that threaten to change the industry or their production and operating costs significantly in the wrong direction. In many cases, this is a legitimate route, which is why so many associations employ lobbyists and work diligently on their advocacy efforts. In other cases, is this a disruption that is there to stay?
- **Regulations.** However you slice it, this typically spells problems for industries, and for associations attempting to protect their members. In the case of Airbnb cited above, what it has done is shine a light on an industry that had operated

fairly well on its own, self-regulating along the way. This means that not only are the disrupters under the spotlight, but entire industries can come under scrutiny that have not previously. Most association executives would agree that we would prefer to self-regulate than have mandates coming from outside the industry.

- **Adversaries.** Disruption tends to create enemies and adversaries. For all the reasons cited above, disruption will upset the existing status quo, which is not always a popular move.
- **New opportunities.** There may be new job opportunities for your members, new skills needed (for which you can train them) and certainly articles to write, partnerships to seek and more. If disruptors are viewed positively and as an opportunity to move forward in a new, more relevant way, associations can truly prosper.

HOW DO WE STAY ABREAST OF POSSIBLE DISRUPTION IN OUR OWN INDUSTRIES AND COMMUNITIES?

What is the best way to prevent your association from being a casualty of an innovation that so disrupts the industry, it could make elements of your industry obsolete? While the list is certainly not limited to the thoughts below, starting by considering these elements can only help:

1. Keep abreast of world, national and local event beyond just your industry and trade. If we are only looking within our own industries for innovation, we are sure to be blind sighted by a new player that we did not see approaching. If your association is in the business of libraries, you should also be paying attention to

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- technology trends and uses of information, urban living trends, suburban living trends, publishing trends, economic trends and more.
2. Make disruptive innovation a point of discussion with your staff. And not just your management team, but also all team members. Start infusing your discussions around association products and services with talk of what is on the horizon. Look far and wide. By starting to make this a regular point of discussion with your team, your team will start to naturally pay attention to innovations and disruptions around them.
3. Be nimble enough to react to disruption when you see it. Of course, we hope you will BE the disruptor and not simply be reacting to someone else's disruption. That said, sometimes we see it coming, and we must do something. Where associations continually struggle is in their ability to be nimble. The very structure of associations does not lend itself to be nimble, with task forces, committees and boards having to make decisions.
4. Do not let your organization—or its members—become so protective of its current product and service base that they fail to see, or acknowledge, the oncoming change.
5. What innovations are out there affecting your industry? Which threaten to affect your industry in 1–3 years in the future.
6. Understand whose job it is to look out for disruptive innovation. The answer might

be “this team” or the answer might be “all of us”. Whichever it is, be sure they know it, and their antenna are up high.

As associations, we have three choices when it comes to handling disruptive innovation:

1. **Get ahead of it.** Make it a part of weekly or monthly conversations with your staff. Hold creative brainstorming sessions on how new products and services add ways to help your industry do what it does better WITHOUT the defense mechanism of protecting current product and revenue streams.
2. **React to it.** Let's face it, we will often get caught with an innovation coming onto the scene that is not our own. The key is to see them when they are coming. Tilt your antennas higher, pay attention to the new entrants to the industry that most are calling “crazy”. Never say never, and find a way to turn that disruption into an opportunity for your association.
3. **Do nothing.** What opportunities are on your industry's horizon for disruption? Will you lead or follow? Are you reading the tealeaves? The choice is yours to make.

So, is your association and industry ready to be a disruptor or get disrupted? ●

Debra Zabloudil, CAE, FACHE, is the founder of The Learning Studio, a full-service education and training firm specializing in the business of adult education and professional development. She can be contacted at debra@learningstudio.com.