

Goliath's Revenge

How established companies turn the tables on digital disruptors

Todd Hewlin + Scott Snyder

Todd Hewlin is Managing Director at TCG advisors , the leading growth strategy firm in Silicon valley. Scott Snyder is a partner with Heidrick and Struggles, he worked with GE and Lockheed martin earlier.

What you need, what we all need is a crystal ball to look into the future and see how we can play a vibrant role.

This is what Goliath's revenge sets out to do.

**‘How did you go bankrupt?
Two ways, Gradually and then suddenly’**

- Ernest Hemingway

Digital disruptors are well funded and well staffed.

However, established companies are getting wise to David's strategy, tactics and tools.

There is no substitute for making mistakes early to build the breadth and depth of institutional knowledge

Newton from Apple was a flop from its launch in 1993.

Detroit's history with electric cars goes back to the early 20 th century. Detroit had an electric car in 1917, it was priced at \$ 2127.

'We are in the midst of seeing more change in the next five years than we've seen in the last 50 years" GM CEO Mary Barra.

Established companies are taking bold steps to move from being disrupted to being disruptors.

Six rules govern how established companies and their teams are adjusting their vision, strategy and execution to achieve Goliath's revenge.

Rule No 1

Deliver step change customer outcomes

A little better than last year is not good enough

Rule No 2

Pursue big and little innovation

Innovate both top down and bottom up

Rule No 3

Use your data as currency

You own your data, so use it

Rule No 4

Accelerate through Innovation networks.

Overcome the curse of 'not invented here'

Rule No 5

Value talent over technology

Preemptive skill development pays off

Rule No 6

Reframe your purpose

Have the guts to stay focused on what really matters

The first step in deciding how much time you have to turn the tables on the digital disruptor is an accurate assessment of your starting position.

Goliath's revenge is structured around 3 questions

1. How will my industry, company and career be impacted by digital disruption?
2. What steps can I take to position myself and my company for long term success?
3. How should I prioritize my efforts to get the maximum return with the minimum risk?

What are you good at? What are your crown jewels? To be a crown jewel your capabilities must be:

- 1. Essential to customer value**
- 2. Uniquely controlled by you and**
- 3. Hard to replicate by others**

For digital disruptors, every dollar of sales is coming from selling to new customers, for established companies, long established customers account for the majority of revenue growth.

Another potential area of incumbent's advantage you should think of is intellectual property.

The competitive moats that have protected companies , large and small for decades are being drained month on month, year by year.

A car is one of the few things that ages gracefully. The average life of a car on the road in USA is 12 years, that's because no serious innovation has hit the industry. That's changing with Tesla.

In small innovation, most companies ply the game better or have a more streamlined process.

In pursuing big innovations, you have to recognize that they will have higher risk of failure.

Why companies avoid the Big innovations

1. Limited market intelligence capacity to anticipate customer needs
2. Focused on incremental operational improvements
3. Short term financial focus
4. Minimal executive support for innovation
5. Low incentives for employee innovation
6. No team or process in place
7. Overly concerned with legal and regulatory procedures.

In 2018, USA needed 440,000 data scientists but had only 300,000, hence a shortfall of 140,000. Ten years ago, the USA had 150,000 data scientists.

In 2000, Lafley at P and G realized that he needed to add a \$ 4 billion business every year to met his growth ambitions. He moved to open innovation. It was called connect and develop.

Embracing smart cannibalization requires a two speed organization model, that can fully participate in the old wave and create the next wave.

Future leaders must live the company purpose. They cannot say my personal life is different from the company. They have to be all in.

3 questions of u want to be a disruptor.

1. What is our end goal?
2. How will we achieve it?
3. Why are we even doing this?

Executives peak in their wisdom at about 65, they peak in energy at about 30, the wisdom curve and the energy curve cross at about 45 years.

Pattern recognition is what leads to wisdom in executives.