THE TECHNOLOGY FALLACY

HOW PEOPLE ARE THE REAL KEY TO DIGITAL TRANSFORMATION

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Introduction: Digital Disruption—
The Cyclone Has Arrived

Andrew Grove, one of Intel's founders, warned years ago that only the paranoid survive. Paranoia seems well warranted at this particular point in time. Companies and entire sectors are being toppled at unprecedented rates. Fierce new competitors, using business models that were once inconceivable, owe their existence largely to rapidly evolving technology. If you're leading a well-established organization, you can't help but be concerned. After all, who wants to be the next Borders or Blockbuster?

This is a book about disruption caused by technology. More specifically, it's about how to manage disruption, adapt to disruption, and thrive in a world and a time marked by disruption. But it's not about technology per se. In preparing to write this volume, we reviewed many books and articles about digital disruption. A vast body of management literature describes how technology gave rise to and continues to fuel the digital disruption phenomenon. We leave guidance about technology stacks, architectures, and roadmaps to others. We have chosen to focus, instead, on the organizational changes required to harness the power of technology. For ease of discussion, we simply use the term "technology" throughout this book to refer to various digital technologies as a group.

Our focus on the people and the organizational side of digital disruption does not mean we believe that technological aspects are unimportant. On the contrary, we certainly recognize that the technological challenges facing many companies are significant. The purpose of this book, however, is simply to argue that the organizational challenges of digital disruption are on par with the technological ones, even though

they have received less attention in both literature and practice. Furthermore, while the technological challenges many companies face will vary considerably by industry and strategy, our research suggests that many companies are likely to face a common set of organizational challenges.

In this book, we provide the insights necessary for leaders to navigate the journey through the strange new competitive environment wrought by digital disruption. By leaders, we mean managers at all levels in an organization who can influence how their organization works—from c-suite executives to hands-on project managers and everywhere in between. How leaders at each level adapt may differ, but adaptation at all levels is critical. C-suite executives may need to cast a bold new vision for how their organizations will adapt to a changing world. Project managers must create an operating environment that's more conducive to effective work in a digital age, innovations that can then spread across the organization as those team members experience a better way of working. Both top-down and bottom-up innovation are essential for becoming a digital organization. Executives cannot simply impose change on organizations, yet grassroots change is unlikely to be sustainable without strong executive support.

As we searched for a way to frame our research insights and guidance, we found ourselves returning repeatedly to a familiar story from our childhoods, the story of the Wizard of Oz. Most of us know the 1939 MGM movie that made a star out of sixteen-year-old Judy Garland. The film's famous lines, including "There's no place like home" and "Toto, I've a feeling we're not in Kansas anymore," are well-known staples of popular culture. The Wizard of Oz story is the story of Dorothy, a young Kansas farm girl, who, after being knocked unconscious in a cyclone that carries her house to the land of Oz, follows the yellow brick road, alongside her dog, Toto, to the Emerald City to meet the Wizard of Oz. Along the way, Dorothy encounters a cast of characters, including the Scarecrow, the Tin Man, the Cowardly Lion, and the Wicked Witch of the West.

The movie starts with the cyclone, which seems like an apt metaphor for digital disruption. Dorothy didn't choose to go to Oz but was swept up by forces beyond her control. Her world in Kansas is shown in

black and white, in stark contrast to the Technicolor land of Oz, where her house lands. Dorothy has no choice but to navigate this new landscape, developing new friendships and facing unfamiliar challenges, to find her way home. Aspects of the cyclone accurately characterize how many companies experience digital disruption. For most, it's a journey that companies engage in because they have no choice. They have been swept up by forces beyond their control, taken to a new world where the rules of competition seem as different as the contrast between the black-and-white hues of Kansas and the Technicolor palette of Oz.

Perhaps the most important observation about the cyclone, however, is that the story of the Wizard of Oz isn't really about the cyclone. Dorothy's adventures certainly would never have happened had the cyclone not come to Kansas, but the story is more about Dorothy making her way in this strange new world than it is about how she got there in the first place. In the same way, the story of digital disruption we explore here isn't really about technology. Rather, it is about how companies navigate their way through the new competitive environment to which technology has brought us. It is about learning to do business in different ways, restructuring organizations to enable them to respond more effectively to changes brought by an increasingly digital environment, and learning to adapt individual and institutional skill development and leadership style for the demands of this rapidly changing world. This cyclone of digital disruption didn't just touch down recently. It has a long path tracking across industries and professions for decades. Although we don't know exactly the details of the next stage of digital disruption, we have no reason to believe that its impact will abate. While exploring the conditions that got us here may be instructive, the story that most readers are concerned with is what to do once we find ourselves in this strange new world of digital disruption.

The Wizard of Oz movie is based on a series of books by L. Frank Baum, beginning with *The Wonderful Wizard of Oz*, published in 1900. A critical difference between the movie and the book is that in the book, Dorothy realizes that she can never return permanently to Kansas and remains in Oz. Like the heroine of the book, companies can never return