

1-Sentence-Summary: *The Innovator's Dilemma* is a business classic that explains the power of disruption, why market leaders are often set up to fail as technologies and industries change and what incumbents can do to secure their market leadership for a long time.

Read in: 4 minutes

Favorite quote from the author:



The Innovator's Dilemma has been on my list forever. The reason I kept putting it off was that I remembered seeing the blinks for this book on [Blinkist](#) very early on, but somehow, their English version has disappeared. Today, I finally decided to make do with the German version and give it a go.

Shortly after Steve Jobs died, [his biography](#) was released. I read it the year it came out (2011) and remember one thing very clearly from it: Steve Jobs said *The Innovator's Dilemma* had deeply influenced him. There weren't many books Steve referenced throughout the interviews with his biographer, let alone business books.

Naturally, I was curious about the one entrepreneurship book the guy who built the most valuable company in the world built. Likely, it was precisely because he recognized and [solved](#) the dilemma described in the book.

Here are 3 lessons of what it's about:

1. There are two kinds of technologies: disruptive and sustaining.
2. If a company's resources, processes and values don't match the market, no management can save it.
3. Market leaders can solve the innovator's dilemma by acquiring or founding subsidiaries.

If you want to be an innovator, let's lift the veil of the dilemma you'll have to solve and how you can do just that!

Lesson 1: There is disruptive technology and sustaining technology, and innovation works differently for the two.

He distinguishes between two kinds of technologies:

1. **Sustaining technologies.** These focus on growing existing technologies by enhancing their performance, mostly through extended functionality or increased capacity.
2. **Disrupting technologies.** These change the landscape of an entire industry, or spark a new one altogether, because they solve a problem in an entirely new way or for an entirely new group of people.

As you can imagine, established businesses and market leaders shine when it comes to the first kind. They have built up enormous efficiencies and vast amounts of resources, which make it easy to provide incremental progress at scale. Where incumbents often lack imagination and swiftness is in disruption.

For example, while it was a piece of cake for IBM to make hard disks thinner and add storage capacity in the 80s, adopting the new 1.5-inch format didn't come so naturally, as long as the 14-inch disks were still selling the best.

Lesson 2: When the resources, processes and values of a company don't match the target market, even the best management won't help.

The reason startups have a chance to overtake industry titans when it comes to disruption is that it starts in low-margin niche markets, because the target customer is often an entirely different one than before. Big companies are slow in serving these, because two of the three defining factors of a business's culture and capability to act are rigid for them:

1. **Resources.** Anything you can buy, sell, hire or fire.
2. **Processes.** Patterns of action and communication, both formal and informal.
3. **Values.** The criteria by which managers and employees make all organizational decisions.

Market champions are loaded with resources, but have very hardened processes and a fixed set of values, which rarely matches the new target market of a disruptive innovation. The three factors are increasingly hard to change, especially short-term, so it's no wonder a company like Kodak has a tough time giving a new technology like digital cameras the real attention it deserves.

When your processes and values don't match the market disruption forces you to

break into, even the greatest management won't be able to salvage *that* dilemma.

Lesson 3: The way market leaders solve the innovator's dilemma is through equipping independent subsidiaries with what they need.

So what do you do then, if you're a leading player in a drastically changing field? Well, first of all, Clayton suggests, you should accept the limitations of your processes and values. It's almost impossible to do well in developing both sustaining and disrupting technology from one source.

As a result, big businesses usually either try to force the new market to grow too fast (yes Apple, 1982 was too early for an iPad), or wait too long and end up with a losing position. Here's the solution Christensen proposes:

Found or acquire a subsidiary company with the *right* values and processes, equip it with the necessary resources, and let it do its thing.

If you're off in two of three factors, well, use the third to make up for the other two! When you have a lot of cash and people, deploy some of those in a bold move to try and build something that matches what the market needs, even before it knows it.

This is exactly what IBM did when PCs weren't really a thing yet. By the time they became mainstream, their subsidiary had built up the right processes and values on its own and voilà, IBM raked in huge profits from an industry that wasn't its core focus.

That's what Steve Jobs knew and that's how you solve The Innovator's Dilemma.

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The Innovator's Dilemma Review

Earlier today, I sent a video to a friend that breaks down how everything is just a remix of something that came before it, based on the new Star Wars movie, The Force Awakens. The premise of The Innovator's Dilemma has obviously been adapted and remixed many times in the 20 years the book has been out, and I wonder what he used to re-mix into the book himself.

However, this seems like one of the few times we get as close to an idea that could be dubbed original as possible and that alone makes this book worth a read. Then again, maybe you're just curious what Steve Jobs knew that so many others didn't: how to solve the innovator's dilemma.

What else can you learn from the blinks?

- Why sometimes the best thing you can do for your customers is ignore them
- The reason there is a limit to how much innovation any market can take
- Which other characteristics markets share where startups can strike
- How to deal with unpredictable developments
- Why business theory will only get you so far
- How to discover new markets based on disruptive technology

Who would I recommend The Innovator's Dilemma summary to?

The 27 year old startup founder in training, who thinks his special fruit blender will really change the fitness industry, the 52 year old Fortune 500 CEO, and anyone who sees his organization slowly falling behind in innovation.