



A memo from Clayton Christensen



Clayton M. Christensen
Professor, Harvard Business School
Author, *The Innovator's Dilemma:*
When New Technologies Cause Great Firms to Fail
Academic Affiliate, Integral

Dear Colleague:

I would like to invite you to participate in the upcoming Master Class, "Exploit Disruption: Turn Market Threats into Growth Opportunities," on March 27-29, 2000 at the Scottsdale Marriott at McDowell Mountains.

One of the most interesting insights I've gained from the research I've conducted over the past several years is that contrary to what you might expect, focusing investments and technology on your most profitable and in-demand products can ultimately weaken your firm. You may run into problems if you try to satisfy the core buyer group and neglect the long-term potential of disruptive technologies which often appeal to the seemingly less attractive, less profitable segment of the market.

Creating new markets and finding new customers for products that don't yet exist are a departure from the way products are traditionally developed. What I'm about to tell you can help you and your organization make that departure and transform threats into growth opportunities.

The Master Class is designed to leverage successes and failures of leading companies and help you capitalize on the phenomenon of disruptive innovation. But it is much more than just case studies. These principles will help you determine when it is right not to listen to customers, when to invest in developing lower-performance products (that promise lower margins), and when to pursue small markets at the expense of seemingly larger and more lucrative ones.

Please join with me and others— all dedicated to employing a strategic formula for long term growth and profit— to share expertise and experiences, to discuss approaches that can be put into practice immediately, and to return to our organizations reinvigorated.

I look forward to seeing you in Scottsdale in March.

Sincerely,


Clayton M. Christensen



EXPLOIT DISRUPTION
Transform Market Threats
into Growth Opportunities
Master Class with Clayton Christensen

**In the market of business opportunities, this
could well be your most significant investment.**

To: Senior Executives

From: Kathy Stewart, Conference Program Manager

Re: Exclusive Master Class with Clayton Christensen on managing the threats of
Disruptive Technology

Some of today's smartest corporate leaders are successfully disrupting themselves by building separate new enterprises designed to compete head on with the mother company. Charles Schwab established a separate online unit, e.Schwab and grabbed 42% of a new market that would otherwise have been dominated by upstarts like E*Trade. Other successful disrupters include Intel Corp which went to Israel to produce the Celeron chip after recognizing the importance of the "cheap" PC and identifying what it takes to build an inexpensive, stripped down processor. The chip now aggressively competes against the Pentium chip and has restored Intel's dominance in the low-end microprocessor industry. Amazon.com disrupted Borders and Barnes & Noble, drugstore.com disrupted Walgreen's, Cozone.com is disrupting CompUSA and the list of E-business models grows daily.

Introducing –
“Exploit Disruption: Transform Market Threats into Growth Opportunities”
Master Class with Clayton Christensen
March 27-29, 2000
Scottsdale Marriott at McDowell Mountains
Scottsdale, Arizona

With the help of Clayton Christensen and leading consulting firm Integral, Inc., you can take advantage of the lessons learned from both successful disrupters and companies whose core competencies have been disrupted. Over the course of 3 exciting days you will discover the innovative—and often counter intuitive—approaches to creating a business model for commercializing new technologies. This event provides you with the unique opportunity to actively participate in intensive workshops that can guide you smoothly from theory to practice.

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Integral
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Identify Disruptive Technologies

The first way in which companies succumb to disruption is through blindness – they just don't have the capacity to see potential disrupters until it is too late. In a professionally facilitated breakout session, you will learn how to look at the blind spots that companies exhibit. You will then have the opportunity to practice with lenses that companies can use to identify the changes in market needs and in business models that can trigger disruptions. The next important aspect of this breakout session helps you understand the screens that companies can use to determine the extent of the opportunities and threats posed by the potential disruptions they have discovered.

As mentioned, this Master Class is much more than didactic presentations of theory and case studies, it is hands-on and in-depth – so be prepared to roll-up your shirtsleeves.

Building the Disruptive Technology Organization

It often happens that companies actually identify disruptive technologies well in advance, yet still fail. This is generally because they attempt to manage these new technologies in the same way that they manage traditional, “sustaining” technologies—or fail to recognize that they must change not only technologies, but business models as well. This second failure mode is discussed at length during this breakout session, focusing on ways in which companies fail to organize to exploit disruption. You'll benefit from practical insight into various organization approaches that have proven successful in managing disruptive technology ventures and help you avoid the “sustaining technology” trap.

Getting There from Here: Applying Disruptive Thinking to Development Processes and Venture Portfolios

Current product and service development and portfolio management approaches are inadequate in a disrupted world. Successful commercialization and scaling of disruptive technologies requires that companies take a different technological approach, and disrupt or make new markets. This session focuses on how to manage the identification and deployment of potential disruptive technologies and how to introduce them as disruptions to existing or entirely new markets. These will be contrasted with traditional portfolio and developmental management approaches within which most disruptive technologies fail or are killed. You will have an opportunity to understand why market and technology migration planning is central to success with disruptive technologies. And, discuss ways in which companies can build portfolios of ventures and experiments that give them both the option sets and the flexibility to win.

Identify Overshoots in Your Industry

One of the key factors that create opportunities for disruption in an industry is called an “overshoot”. As companies compete with each other, they tend to add features and functions that gradually outstrip the demands of customers. Over time, as the overshoot grows, so does the potential for disruption. In a large group session, examples of overshoots will be discussed followed by an investigation of why they happen. You and your colleagues will work through an exercise to identify the extent to which you are overshooting market requirements with your own



offerings, potentially setting the groundwork for disruption in your industry. (Take note that participation in interactive breakout sessions, exercises and dinner seating on March 27 is carefully constructed to ensure maximum benefit to attendees and prevent an organization from being in the same break-out session as a competitor.)

In addition to the many opportunities for interactive problem solving, Clayton Christensen will provide a comprehensive background for the conference on understanding the disruptive technology landscape, as well as providing session debriefs at the close of each day. The Master Class kicks off with a plated dinner on the evening of March 27 at the Scottsdale Marriott at McDowell Mountains. **Led by Clayton Christensen and Integral, Inc., you will begin to think analytically about how your organization is currently positioned and how to gauge vulnerability to disruptive threats.** A measurement survey developed by Integral, Inc. and co-sponsored by *Fortune Magazine* will help test your readiness to capitalize on growth opportunities and understand how to differentiate between technical and market problems.

Another Master Class highlight I am delighted to share with you—the keynote address will be presented by:

Mark L. Walsh, Chief Executive Officer of VerticalNet, Inc. VerticalNet is the Internet's only owner and operator of industrial trade communities. The sites offer community, commerce, content and industry-specific information and services. It currently maintains verticals in the water treatment, pollution controls, chemical processing, food processing, hydrocarbon, public works and other business and industries. It has over 700 employees throughout the United States. The VerticalNet story is a practical example of market disruption and will also shed light on the Internet age of business development.

As you can already see, the line-up of instructors for the Master Class is excellent and impressive.

Dan Proskauer, Software Engineering Manager of the Integra Test Division of Teradyne, Inc. contributes greatly to the quality of materials being presented. Mr. Proskauer will discuss how to manage breakthrough product development based on disruptive technology. The Integra Test Division was created outside existing business units to develop a new product line exploiting two new technologies, initially targeted at market niches not well covered by Teradyne. Formed in late 1995 with product introduction in 1998, the Integra Test Division will see 1999 orders approaching \$100M. You won't want to miss hearing about valuable lessons learned at Teradyne.

You will also learn how one company, Nielsen Media Research—the leader in television audience measurement, is using the disruptive technology approach to guide its strategy in this increasingly complex and highly dynamic environment.

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Susan Whiting the General Manager of Nielsen's National Services and Emerging Markets and Jeff Elton of Integral, will discuss Nielsen's innovative approach to managing disruption—one that is designed to help the company succeed and maintain its market leadership position.

Perhaps Clayton Christensen best describes the challenges and opportunities (which will be discussed at the Master Class) in the following quote from his book, *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail*.

“The innovator’s task is to ensure that this innovation – the disruptive technology that doesn’t make sense—is taken seriously within the company without putting at risk the needs of present customers who provide profit and growth. ...The problem can be resolved only when new markets are considered and carefully developed around new definitions of value—and when responsibility for building the business is placed within a focused organization whose size and interest are carefully aligned with the unique needs of the market’s customers.”

Don't miss the chance to be exposed to literally all significant aspects of exploiting disruptive technologies for growth and profit. You will not find a more efficient and comprehensive package of information on this topic elsewhere.

P.S. If there is someone else in your organization that would also be well served by attending, please let them know about this upcoming event and call 1-800-338-2223 for information about the team discount.

About The Master Class Faculty



Clayton M. Christensen is a professor of business administration at the Harvard Business School. His research and writing interests center on the management of technological innovation, developing organizational capabilities, and finding new markets for new technologies. Dr. Christensen's book, *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail*, won the 1997 Global Business Book Award. *The Innovator's Dilemma* was based on, in Christensen's own words: "what can cause smart people to make wrong decisions." The lessons he learned from his extensive research provide a framework for detecting and countering disruptive technologies. Among his consulting clients are Intel, Hewlett-Packard, Compaq, Lucent, and Eastman Kodak. Prior to joining the Harvard Business School faculty, Dr. Christensen served as chairman and president of Ceramics Process Systems Corporation, a firm he co-founded with several MIT professors.



Jeffrey Elton, Ph.D. is Managing Principal, Practice Development for Integral, Inc. He is a recognized authority on growth strategies for large corporate and internet start-up firms. Over the past nineteen years, he has led consulting engagement for a variety of industries and has worked on strategic issues spanning from new business definition, flexible delivery systems and supply chain management, post-merger integration and disruptive technology strategy implementation.



Gary Getz is Managing Principal, Business and Market Development at Integral, Inc. He leads Integral's efforts in the areas of market and customer strategy. In over 20 years as a market strategist and consultant, Mr. Getz has worked with clients on resolving their most significant business strategy, corporate growth, and customer and channel management issues. In his work, Mr. Getz has collaborated with organizations to re-conceive definitions of their businesses; develop and launch new business ventures and set strategies to redefine the bases of competition in their industries. Mr. Getz's forthcoming book *Customer Equity* (with Professors Robert Blattberg and Jacquelyn Thomas) focuses on how companies can maximize the value of their customer relationships in the emerging hybrid world of e-commerce and land based commerce.



Kevin McCurry is a Manager of Integral, Inc. and specializes in technology strategy and new product development. As a leader in the strategy practice, he has most recently focused his efforts on helping clients develop effective plans that respond to and harness the opportunity of Disruptive Technologies. For the past four years, Mr. McCurry has consulted for clients across a wide range of industries on diverse issues—from developing a new product strategy for a network storage firm to identifying disruptive technology opportunities for a leading automotive manufacturer. Prior to joining Integral, Mr. McCurry held positions as a financial analyst for General Electric's Aircraft Engine Division.



Dan Proskauer is the Software Engineering Manager of the Integra Test Division of Teradyne, Inc. The Integra Test Division was created outside existing business units to develop a new product line exploiting two new technologies, initially targeted at market niches not well covered by Teradyne. Formed in late 1995 with product introduction in 1998, the Integra Test Division will see 1999 orders approaching \$100M.



William Rieders is a Manager of Integral, Inc., and specializes in business strategy. Over the last four years, Mr. Rieders has worked with a diverse set of client issues — from developing an entry strategy for a new global luxury brand, to defining a new specialty care business model for a dominant healthcare provider. Previously, Mr. Rieders worked for Quantum Corporation, and Great Western Bank in Acquisitions and Disposition Portfolio Planning.



Mark L. Walsh is the President and Chief Executive Officer of VerticalNet, Inc., and has been in the interactive services business for 14 years. Previously, he was a senior vice president and corporate officer at America Online. He ran and founded AOL Enterprise, the business-to-business division of AOL. Prior to AOL, Mark was the President of GENie, the online service owned by GE. He also was the President of Information Kinetics, Inc.; a venture capital backed interactive information company focusing on the recruitment and classified advertising market. Until early 1993, Mark was the VP and GM of the interactive services division of CUC International, the leader in online commerce.



Susan D. Whiting was named General Manager, National Services and Emerging Markets for Nielsen Media Research in February 1997. She is responsible for sales and marketing for cable network and cable system customers. Whiting also is responsible for redesigning and implementing the company's extensive product development process. She also manages Nielsen Media Research's Emerging Markets Group, which includes Monitor-Plus (a commercial intelligence service); New Millennium (an agency-buying and planning system); Nielsen Advertiser Services and Custom Research Services. Prior to assuming her current position, Whiting was Senior Vice President, Director of Marketing for Nielsen Homevideo Index.

Program Information

Program Fee: The registration fee is \$2500/person, \$4500/two people and \$2250 for each additional person. Fee includes dinner with Clayton Christensen, networking reception, luncheon, two continental breakfasts, refreshment breaks, program materials, complimentary books, and post-conference follow-on inquiry privileges.

Conference Venue: *Exploit Disruption* will be held at the Scottsdale Marriott at McDowell Mountains, 16770 N. Perimeter Drive, Scottsdale, AZ 85260. A block of rooms has been reserved for conference participants until March 6, 2000 at a special discounted room rate of \$179/night. Please make reservations directly with the hotel by calling 1-800-228-9290 or 480-951-5452, and be sure to mention "Management Roundtable" to receive the discounted rate.

To Register: Please fill out this form and return to Management Roundtable:

- *By mail:* Management Roundtable, 92 Crescent Street, Waltham, Massachusetts 02453 USA
- *By Fax:* 781/398-1889 or *By Phone:* 800/338-2223 or 781-891-8080
- *Register online:* www.ManagementRoundtable.com

Event Registration





*Attendance is limited and registrations are accepted on a first-come, first served basis.
Early registration is recommended to assure your place at this exclusive conference.*

- Please accept the following reservation(s) for Exploit Disruption*
- I can not attend, but please keep me on your mailing list*

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Company _____
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