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7 tips for steering a path through disruption

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Prepare your company for the inevitable.

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In the 1980s and '90s, Kodak and Fujifilm battled for supremacy in the point-and-shoot camera film market. But both companies saw the writing on the wall — digital cameras were going to change the way the world snapped photos.

As the two companies hurtled toward the inevitable, one was prepared. For years, Fujifilm had worked to diversify its business away from film, taking advantage of its in-house tech expertise to pivot toward industries as diverse as cosmetics and medical-imaging technology. Today, Fujifilm has a market cap of more than $20 billion; Kodak, once among the most valuable companies in the world, is barely worth $1 billion.

"Fujifilm had made the decision that they weren't a film company but an information company, and they were fine," said Joshua Gans, professor of strategic management at University of Toronto's Rotman School of Business and author of The Disruption Dilemma.

The Fujifilm-Kodak episode is a good illustration of how different approaches to dealing with disruptive market forces can have very different outcomes. And it's hardly the only one — in recent years, companies in virtually every corner of the global economy have had to contend with a fast-changing business landscape that's constantly being disrupted by emerging technologies and other forces.
So how can companies follow the example of Fujifilm — and avoid the fate of Kodak? Here are seven tips to help companies steer themselves through the rough seas of disruption toward calmer water.

1. Watch for early indicators

While it's nearly impossible to predict disruptions, those who keep a careful watch often can pick up on early signs. Companies that noticed the first movements of consumers toward online shopping or ride-hailing services were better positioned to navigate those disruptions than companies that weren't paying as close attention.

2. Adaptability matters

Companies can't be myopic as they watch for disruptions. They need to take a view that extends beyond the narrow slice of their industry. A market disruption can be caused by a new technology or an innovative way of delivering goods to customers. It also can be the result of policy changes, economic developments or even extreme weather patterns.

3. Take inventory

Keeping an eye on the horizon can help your company identify potential disruptions. But don't forget to watch what's happening internally. Companies should do regular inventories to determine what's going on inside the company. Is the customer mix changing? Are revenues in one area falling or rising in a way that suggests a larger trend?

4. Build bridges, not silos

Companies with rigid departmental structures can be streamlined, efficient and laser focused on their goals. But they'll also have a more difficult time trying to adapt to disruptions. Instead, companies that emphasize communication across the organization will be more agile and able to change directions when needed.

5. Become more diverse

Companies need more than their leadership's eyes when it comes to watching for disruptions. A diverse workforce — both culturally and by age — can bring a range of perspectives to help companies identify the kinds of potential threats that a more homogenous group might miss. One way is for companies should seek out partnerships with universities, which may have their ears to the ground in different ways than the corporate sector.

6. Be curious

When disruptions emerge, some companies will think it's a fad with no staying power. Others will devote considerable resources to keeping track of the evolution of that disruption. In both cases, curiosity — or lack thereof — drives a company's reaction to a disruption. To build and support a culture of curiosity, regular training opportunities such as hackathons that can keep employees engaged and learning.

7. Know thyself

Companies with strong fundamentals will have an easier time navigating disruptive markets. Central to that is an understanding of what a company is — and what it's not. Companies need short- and long-range plans that help define the organization's aims, and that leaders and employees buy into those visions. And much like the idea of "uncluttered home, uncluttered mind," a clean balance sheet and other examples of organizational tidiness can help companies make resources available when needed to deal with new threats or disruptions.

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