

Editor's letter

The articles in this issue are about innovation and coping with radical change in the operating environment – patterns of disruptive innovation, best innovation practices of successful companies, marketing technologies that enable rapid-reaction innovation, China's new role as an innovation laboratory and a Blue Ocean healthcare innovation case in Thailand. More on these eye-opening articles:

In his Masterclass, **“Can new disruption research suggest defenses against threats and opportunities for innovators?”** Steve Denning reviews new research by Deloitte that analyzes disruption patterns common to several markets. Deloitte's thesis is that disruption doesn't just happen at random. History suggests that it is possible to identify specific patterns of disruption – disruptive strategies that, when combined with certain marketplace trends, can topple industry incumbents. The research goal is to be able to analyze a market or industry, given its particular characteristics, and identify the most important patterns of disruption that incumbents should anticipate. Nine patterns are described.

In their article **“How successful organizations drive innovation,”** IBM strategists Kazuaki Ikeda and Anthony Marshall, explain how the top six percent of organizations in both operating efficiency and revenue growth pursue distinct strategies in innovation organization, culture and process. They analyze how these large, successful organizations approach innovation and prescribe specific practices that can help all organizations innovate like an outperformer.

In his report on **“The new marketing solutions that will drive strategy implementation,”** Ken Grossberg reminds strategists of the imperative “because the purpose of business is to create a customer, the business enterprise has two—and only two—basic functions: marketing and innovation.” He previews the strategy implications of three game changing marketing technologies:

- Marketing automation, where artificial intelligence is used to help win a customer and optimize the search for such potential prospects.
- Social media, which blends the personal and the businesslike and provides opportunities for engagement with the client on an almost real-time, personalized basis.
- The manipulation of huge quantities of “Big Data” to increase the efficiency and effectiveness of marketing automation and of deriving value from social media.

In his Masterclass, **“The next wave of global disruption and the role of China's entrepreneurs,”** Brian Leavy reports that Chinese entrepreneurship is already leading the world towards new levels of agility, continuous operational innovation and rapid resource reconfiguration. Modern China, with its “complicated and quickly changing demand pattern,” hyper-competition, shifting industry boundaries, and “discontinuities in the regulatory context,” is the business management laboratory within which these skills are already being honed. Foreign multi-nationals would be wise to consider “what capabilities will have to be developed in China, for China,” learn from their Chinese rivals and ask where it might be possible to use these new “China” capabilities to enhance performance globally.

Jonathan Brookfield, an Adjunct Associate Professor at Tufts and an Associate in Research at the Fairbank Center for Chinese Studies at Harvard who often writes about Taiwanese business, notes that, commentators have heralded Taiwan's decades of economic success, but closer study reveals that the country's remarkable achievement consists of two parts, an economic miracle that now may be ending and an ongoing political miracle. His article **“Admiring the peaceful political transition in Taiwan”** puts its election this year into

a larger context. Taiwan has undergone a remarkably peaceful transition over two decades from what was essentially an authoritarian, one-party dictatorship to a vibrant multiparty democracy, a model for its neighbors.

Sustainability expert Gayle Avery interviews a world-renown medical pioneer in **“Dr Thep Himathongkam: transforming diabetes treatment in Thailand.”** Thirty years ago Dr Himathongkam confronted a public health crisis: in a growing economy rapidly transforming Thailand from a country scarred by starvation to a land where many people ate a diet that put them at high-risk for diabetes. He wanted to introduce pioneering multidisciplinary health care for diabetes patients, but to do so effectively he had to educate patients and enlist the support of government agencies. A team approach was needed for treating diabetes but programs to train the necessary specialists didn't exist. Dr Himathongkam persisted and over time surmounted all these obstacles and established a world-class center for diabetes treatment.

Good reading!

Robert M. Randall

Editor