DISRUPTABILITY INDEX
VIDEO TRANSCRIPT

Date/time: Monday, 8-8:30a
Interview participants:
• Mike Sutcliff
• Tom Cheesewright

Question (Tom): What’s your opinion on disruption today?
Answer (Mike): All industries are facing disruption – it’s inevitable. Incumbents’ profits are down, the scale of corporate bankruptcies is up, and 68 percent of C-suite respondents expect their industry to be significantly disrupted by innovations brought by technology in the next three years.

Very real forces are causing a slow compression of profits across most big corporate sectors from telecoms and utilities to automotive. Not surprisingly, many executives fear disruption. For established businesses, taking advantage of these disruptive forces and turning them into opportunities to innovate is extremely difficult. **But that’s the key to leading in the new.**

Disruption is an opportunity. To unlock disruption-driven new value, executives need to see it coming and embrace it to understand how they can use existing strengths to exploit opportunities both in their own industry and in other, vulnerable industries.

Question (Tom): How can companies turn disruption as an opportunity?
Answer (Mike): While disruption is a way of life, it also has a pattern. It can be predictable. This was uncovered in Accenture’s recently launched its Disruptability Index, that analyzed 3,600 of the largest companies in the world.

To identify a strategy for success, companies will need to first understand what distinct period of disruption they are in. Our research notes four periods:

• Viability: Embryonic or reborn industries. High rates of innovation mean sources of competitive advantage are short-lived. For example, the communications industry.
• Durability: Structural incumbent advantages and consistent performance. Relatively few large disruptors are attracted to the sector. For instance, tires and rubber industry.
• Vulnerability: Structural weaknesses expose the sector to significant risk. Barriers to entry inhibit disruptor penetration—for now. For example, the utilities industry.
• Volatility: Sources of strength have become weaknesses. Large disruptors unlock new sources of value. Think about the Infrastructure sector.

Question (Tom): Once a company determines their period of disruption, what’s next?
Answer (Mike): It’s important to mention that each period of disruption demands a different response. Businesses will want to grow the core, transform the core, scale the new, and pivot wisely. But -- the priority on each of these change areas will differ depending on the company’s disruption period. For example, Volatility industries will want to definitively change course to stay alive. And Durability industries will want to maintain sources of competitive advantage in the core.
Plus, as disruption is ongoing, businesses will also need to look at the disruption opportunity as a continuous journey. New strategies will be required as new change occurs.

**Question (Tom): Anything else to add?**

**Answer (Mike):** Disruption is continuously providing businesses with clarity to act, and act swiftly. It should be used as a competitive advantage.