

### Book review: *Lead and Disrupt: How to solve the Innovator's Dilemma*

#### **Lead and Disrupt: How to Solve the Innovator's Dilemma**

by *Charles A. O'Reilly III and Michael L. Tushman*

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*Lead and Disrupt: How to solve the Innovator's Dilemma* (2016) by Charles A. O'Reilly III and Michael L. Tushman neatly compiles the two authors' more than two decades of research together on the subject of ambidexterity (the ability to exploit and explore), but it also takes that research a step further in the development of the theory. Highlighting the findings and analyses of their far-reaching and illustrious research, the authors ultimately conclude that solving the innovator's dilemma depends on leaders who are themselves ambidextrous and can nurture an organization that both exploits and explores.

The terminology "innovator's dilemma" took root in [Christensen's \(1997\)](#) book titled *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail*, and refers to incumbent organizations' inability to nurture disruptive technologies, and how their inability to do so ultimately causes their decline and demise. Highlighting various examples from his empirical research, Christensen finds that organizations struggle to exploit and explore simultaneously, and that the exploiting business will almost always overpower and kill the exploratory unit. Without going into detail about the difference between sustaining and disrupting technologies, and how and why incumbents logically find it irrational to invest in and adopt disruptive technologies, for the purpose of this short book review it suffices to say that due to the inability of incumbent organizations to both explore and exploit, in his original book Christensen suggests that disruptive technologies must spin-out of the incumbent organization.

In *Lead and Disrupt*, the authors suggest that spinning out disruptive technologies from the incumbent organization is a missed opportunity in that the incumbent organization's resources could be leveraged to the benefit of the exploratory unit. To leverage those resources and not succumb to the "innovator's dilemma" however, they emphasize the importance of ambidextrous organizational design whereby the existing business and the emerging business are structurally independent units – with their processes, structures and cultures – but are integrated into the existing management hierarchy. The authors stress that key to the success of ambidextrous organizational design is the integration of the two paradoxical units within the organization's overarching strategic intent, of which, it is the function of the top manager to uphold and foster.



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Referring to decades of empirical research, the authors describe numerous examples of leaders, which as they put it, served as the “linchpins” of ambidexterity (pp. 193-216). These various examples give credence to their standpoint that the success of ambidextrous organizational design depends on ambidextrous leaders. They describe ambidextrous leaders as those who are “able and willing to exploit existing assets and capabilities in mature businesses and, when needed, reconfigure these to develop new strengths” (p. 10), and assert that “ambidexterity requires that leaders be great managers and great leaders” (p. 94). Although the authors do not reference the work of [McGrath \(2013a, 2013b\)](#), the proposed ability to reconfigure assets to deploy them in new opportunities echoes much of her work concerning the importance of managing innovation when competitive advantage is transient. Managing and leading when competitive advantages are transient is precisely the context within which ambidextrous organizational design and ambidextrous leaders are crucial to organizational success, because in such a context balancing exploitation and exploration is not optional. Although the authors of *Lead and Disrupt* describe the context more broadly, as one where organizations face change, it is the transience of competitive advantages that contributes to driving that change. In this sense, organizations can “lead change” (pp. 217-242) not only via strategy renewal (as the purview of the senior leadership team) but also by proactively managing their portfolio of advantages such that they preemptively reconfigure assets from the existing business (the competitive advantage of which will sooner rather than later dry out) to emerging business.

All in all, the book is a pleasure to read, the content is organized in a coherent way and the text flows effortlessly. The book is composed of three sections. The first section has three chapters that set the stage for the importance of managing disruptive innovation and the role of ambidexterity in that endeavor. The second section has two chapters, each of which highlights cases of both well-known and less-well-known companies. These cases paint a picture in particular of how company leaders were able to balance exploitation and exploration in their respective organizations and effectively drive ambidexterity. Finally, the third section has three chapters, whereby the first two are dedicated to demonstrating how to lead and succeed in an ambidextrous organization, and the last concludes the book by linking innovation to organizational change and renewal, and reiterating the role and importance of managing an ambidextrous organization in that renewal.

The examples from practice contained in this book are rich and their take-away is made clear and explicit. In addition to its theoretical relevance of positing to solve the “innovator’s dilemma”, *Lead and Disrupt* outlines the position of its authors in a way that is concrete and directly useful to practitioners. Specifically, the authors enumerate four points for “what it takes to become ambidextrous” (p. 174), and five points each for “leadership principles associated with more versus less successful ambidexterity” (p. 194), and “leadership practices associated with effective strategic renewal” (pp. 233-239). Itemized in this way, these points alone are valuable insights that can be directly useful to managers wishing to help their organizations overcome the “innovator’s dilemma.”

The emphasis on the ambidextrous leaders certainly highlights the notion that managers do matter, but the underlying message is akin to that of [Hamel and Breen \(2007\)](#) – and of [Follett \(1930\)](#) way before him – who suggested that the future of management is not simply about power and execution, or about “ensuring that the trains run on time” ([O’Reilly and Tushman, 2016](#), p. 194), but also about ensuring that the trains are headed in the right direction by driving a compelling vision, motivating and inspiring people and by providing them with their own sense of power. Perhaps for the sake of clarity, [O’Reilly and Tushman \(2016\)](#) characterize the behavior of ambidextrous leaders (those that can artfully manage and lead) as “consistently inconsistent” (pp. 194-211). This terminology, however, risks

having a connotation of a flawed management character, and is actually counter to the fact that although ambidextrous leaders must indeed do different things, those different things are most definitely *consistent* with the goal of achieving the firm's overarching aspiration (p. 211). Ultimately, it is the creation and communication of that aspiration that matters, such that the behaviors undertaken in its pursuit (however different they may be) are actually not paradoxical at all.

Although managers matter and strategy creation – i.e. the formulation of the firm's aspiration – is primarily the purview of the senior leadership team, given the many potential pathologies of senior leadership teams (Wageman and Hackman, 2010) it is likely unwise to place the onus of leading change on these individuals alone and without a scaffold. Therefore, processes for strategy creation are important. In the last chapter of *Lead and Disrupt*, O'Reilly and Tushman tie the formulation of the firm's aspiration to the process of strategic renewal because renewal inevitably entails strategy creation (or re-creation). Rather than suggesting a definitive multi-step process, they identify five leadership practices associated with effective strategic renewal (pp. 233-239). The identification of these practices is derived from the analysis of patterns found in their many-decades-worth of empirical research, and although the authors do not claim them to be bullet proof, they convincingly demonstrate how it may be possible to lead and disrupt. Spoiler: hard work and dialogue cannot be dodged.

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