

Tesla demoted

Straight from the horse's mouth, the father of the theory of Disruptive Innovation Clay Christenson pronounces [Tesla's Electric Vehicle not technically \(theoretically\) a disruptive technology](#). It can [still have dramatic impacts](#) on the auto industry and beyond, but it's just old school innovation.



Twenty years ago, the idea of [disruptive innovation](#) moved from dissertation to dogma seemingly overnight, largely because of two key features. First, because it offered a 'chicken little' hypothesis everyone from CEOs to entrepreneurs could use to justify rushing headlong into innovation efforts. That you didn't recognize the sky was falling became proof it was. Second, because it lost its original definition almost immediately and was applied anywhere anyone wanted to disrupt anything. As Christenson said last year, 'The word is [now] used to justify whatever anybody—an entrepreneur or a college student—wants to do.'

In this case, however, Christensen's research associate Tom Bartman and team laid out five questions that determine when something is or is not a disruptive innovation—as defined by theory rather than aspirations:

- does the product either target overserved customers (by offering lower performance at a lower price) or create a new market (by targeting customers who couldn't use or afford the existing product)?
- does it create 'asymmetric motivation,' meaning that while the disrupter is motivated to enter higher performance segments over time, existing players aren't motivated to fight it?
- can it improve performance fast enough to keep pace with customers' expectations while retaining its low cost structure?
- does it create new value networks, including sales channels?
- does it disrupt all incumbents, or can an existing player exploit the opportunity?

Using these questions, they find Tesla is not a disruptive technology (despite its potential to disrupt the field, but that's what innovation does). By better defining what is not a 'disruptive innovation,' they go a long way towards recognizing why, when and how which innovation happens.

Trying to keep disruptive innovation in its theoretically defined boundaries is like paying whack-a-mole. Of course, given the article also argues that neighborhood electric vehicles (NEVs) are disruptive, the game is clearly not over?