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## Companies — prepare to disrupt yourselves

From Bijan Khezri

Sir, “Disrupters bring destruction, but opportunity” (December 29) marks a timely series profiling selected disrupters and the sectors most affected. Indeed, disruption is the new norm. The question that arises is whether Fortune 500 companies are organisationally prepared to embrace disruption as opportunity. A Babson Business School study, quoted in Salim Ismail’s *Exponential Organizations*, predicts that 40 per cent of existing Fortune 500 companies will not survive.

Blue-chip companies have started questioning the adeptness of long-term strategic planning and traditional hierarchical approaches to innovation. One can no longer solely rely on internal resources for innovation. The new “outside-in” imperative for ideas generation and product development is to distil from the “crowd” the community that is dedicated to the company’s mission and success. More importantly, technology disruption demands a new corporate governance model. The current overemphasis on “best practices” compliance is prone to entrap the board in regulatory formalism at the expense of business substance, potentially creating false assurances where a company’s “disrupted” reality demands a sense of urgency.

To supervise and challenge executive leadership effectively, boards must become more open and agile. First, embrace “reverse mentoring”, where non-executives get regular exposure to every operational area of the business. This should provide a broader and deeper understanding of market reality. Second, reduce planning horizons and embrace opportunism as a business development strategy. Third, build industrial networks of business leaders from different sectors to complement board expertise and thinking. Disruptive technology breakthroughs are usually the result of collaboration across different sectors.

As Steve Forbes has asserted, “you have to disrupt yourself or others will do it for you”.

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