Presentation to Club 3004, St. Boulevard Melbourne, 5 May 2016

1 – Who is Meta Management?

People come to us when they want to create change.

I realised some time ago that most businesses actually don't know how to think about change. They usually want change they think will achieve their wishes and allow them to stay the same. So, it goes: I want more sales, but I want to do it the way I want/feel comfortable/know how.

What usually happens: first action, sometimes followed by confusion, sometimes chaos, sometimes just a lot of time and money wasted, and unfortunately people get burnt out. What people forget is action always produces an initial lift – the process of conducting activities always creates a lift, not necessarily the type of activity chosen.

At Meta Management, we choose clients who want to create change. They see a different world and they make that world happen - they go where the evidence and opportunities take them.

Tesla wants to stop the damaging of the planet – it's green cars that don't compromise on the features people love about their cars; it's affordable battery storage, and it's SpaceX so we can move planets if we have to. Mark Zuckerberg wants to cure all diseases. Facebook will help bring people with a part of the answer from anywhere in the world together to find solutions. Of course we don't consult for Tesla or Facebook (at least not yet!) but our clients, too, see a different world within the context of their industry, environment or community.

And if you are talking about creating a new paradigm, the last thing you need is last century's thinking and practices – that's only going to take you backwards. We show our clients how to ride the trends and shifts that shape the customer, the market, the way people work and potential opportunities.

2 - How would you define the term 'digital disruption'?

'Disruption' was coined by Clayton Christensen. His books in the mid-90s studied the impact of technology. This was the time of immense user-accessible technology growth: browsers, 3G, mobile devices, Office, USB, Java, Craiglist, eBay. He noticed that none of these was, by itself, disruptive. Disruption happens when a tool or technology shifts a process, method or source of value creation.

We can go back a century and think about the motor vehicle. You could say the car was disruptive because it displaced other forms of transport: you could now have a career because it was feasible to take jobs outside your immediate area; people started shopping weekly instead of daily because you could drive up, load up and forget it for another week; and it created whole new lifestyles and industries. But the car wasn't disruptive at all – it already existed. The disruption came from the invention of mass production that enabled cars to be made quickly and cheaply. Breaking manufacturing into thousands of individual parts changed the way value was created, which in turn made the car affordable, then indispensable.

Uber (taxis), Spotify (music streaming), Airbnb (accommodation), Amazon (retail shopping), Netflix (watching movies at home) – none of these offer anything we couldn't get before. What they changed was the process or method of value creation. For instance in Uber's case, value is created through peer-to-peer sharing – you have a car, I need a ride.

3 - We've seen industries as disparate as music and taxis been completely disrupted by the digital world, is there any industry that is 'safe' from this kind of impact?

Disruption usually produces two reactions: dread or denial, but it should produce neither. Business has always changed, but disruption is change on steroids - harder and faster than we have ever known before. It should be exciting because opportunities are no longer once in a lifetime but possible anytime, anywhere.

We have to think about what digital actually means. It's not technology per se, but the way technology changes our behaviour. Shopping has been digitally disrupted. Communication, processing and payment technologies have made it easier to outsource or source globally. This makes goods cheaper. It changes our perception of what we should pay. Because of this perception we shop around more, shop online. As goods get cheaper, they become more disposable, quality falls. So we look for social proof to see what others say about that seller or brand. The disruption happened well before you even think about whether you buy in traditional bricks and mortar or online. If you think about it this way, no industry is safe from disruption – it's only a matter of degree and time.

4 - Most of us are in smaller business without the resources to fight a major disruption, what is your advice to smaller business operators around this phenomenon?
Smaller businesses have the advantage because they don't have the weight of structures and legacies to hold them back. Practically all major disruptive innovations started in dorm rooms, bedrooms and garages. Small businesses disrupt, not the other way around. If you look at big businesses, they are trying to become smaller - by buying small business with their ability to respond quickly, or creating standalone startups, like the Commonwealth Bank has with 'Albert' a mobile payment product - to capitalise on where disruption and innovation comes from: small, hungry businesses.

To take advantage of being small, start by building something, and being someone that people can absolutely, truly trust. The internet has made trust the most valuable economic currency globally; because so much technology is social, values amplify. Act on your values - all the time, everywhere, in every situation. But you have to put your money where your mouth is so that people can almost touch them. Values are just empty words if there is no cost involved.

Warby Parker is a $1b+ company because of their values (i.e. anyone who needs glasses should be able to afford them). You shop online, they send you glasses to try and you send back the ones you don't want. They are saying, 'We think we are part of your community, and people in a community trust each other. We want you to trust that our values are genuine.' That's values in action.

Next you have to really understand the sources of value inside and that surround your business. Small businesses are very good at doing this because business is so personal - it's their relationships, their mortgages, their blood, sweat and tears. Big business can be terrible at finding these pockets of value because they either don't care or are so fixated on the numbers they don't see the essence of that value is intangible.

Take Netflix for example. It began with the pain of an overdue DVD rental fine. A big business may have said, 'Tough!" or research whether their bottom line would be better with higher fines/lose customers or lower fines/more customers. Netflix understood that it wasn't the fine itself, it was the everyday person like students and families where a pain of the fine cancels out the enjoyment of the at-home movie experience. So they focused on ways to replicate the experience without the threat of pain by trying different models (i.e. different way to deliver value) until they realised there was enough broadband penetration to offer movies by streaming. When you see a customer pain point, act like a small business!

The thing about value is it has such fluid properties and is so deeply embedded in every aspect of our lives, that you can't just limit your thinking to physical value. Take the Korean phenomenon, 'mukbang', for instance. Mukbang 'stars' stream themselves eating online to audiences of thousands who show their appreciation through tokens (which represent a monetary value). Popular broadcasters earn hundreds per meal and as much as $10,000 per month. Where is the value? It's in the entertainment, it comes from the ingrained Confucian culture of family that has been broken down by modern living, it's an antidote to loneliness, it's a safe outlet from the restrictive, conservative national culture. All these collectively represent values that digital has made turning into a bankable offering possible.

To find value, understand the experiences of your customers. Forget product and service features - that's practically an instruction to a potential customer to shop around. You are on a fast path to nowhere if that's your thinking.

Enterprise today is different because the internet allows capital to be aggregated in new ways to create value. There are many opportunities for growth by looking outside the organisation - who is in your ecosystem? What do they have that can compliment the experiences your customers buy from you? Find this, and you could find the sort of growth that has taken Apple to the point of being a trillion dollar company. Apple's sales would have stagnated if they did not allow developers to make apps they could sell. Apple opened its iTunes platform to these developers, not only reaping 30 cents of every dollar of downloads, but providing Apple users thousands of new ways to enjoy their device - ensuring its future sales in the process.

When we work with clients they first have to be able to answer, 'What apart from the goods and services you offer do people buy from you? How does that become your brand promise?' Then we help them align their organisation around that brand promise and into an ecosystem with a compatible brand promise.

5 - Where can everyone find out more about ensuring their business is most prepared for a digital disruption?

We run free Meetups about once a month that cover different topics for competing in the digital era. The group is called #ThinkBig. Everyone is welcome.

We also run The Digital Factor workshops that go from half to two and a half days. They are designed to help businesses identify their values and develop them into their digital success levers. You can click here to register for our newsletters and we'll let you know when the next workshop is running. As a Club 3004 member if you book into one of these workshops we will offer some places at no or minimum cost (the number will depend on the spaces available). Before our next workshop I will promote it through Club 3004 and will provide a promotional code for Club 3004 members.