



Surviving Disruptive Innovation: The Rise of ChatGPT and AI

Strategies for Companies to Adapt
and Thrive in a Changing World

FranklinCovey

Middle East

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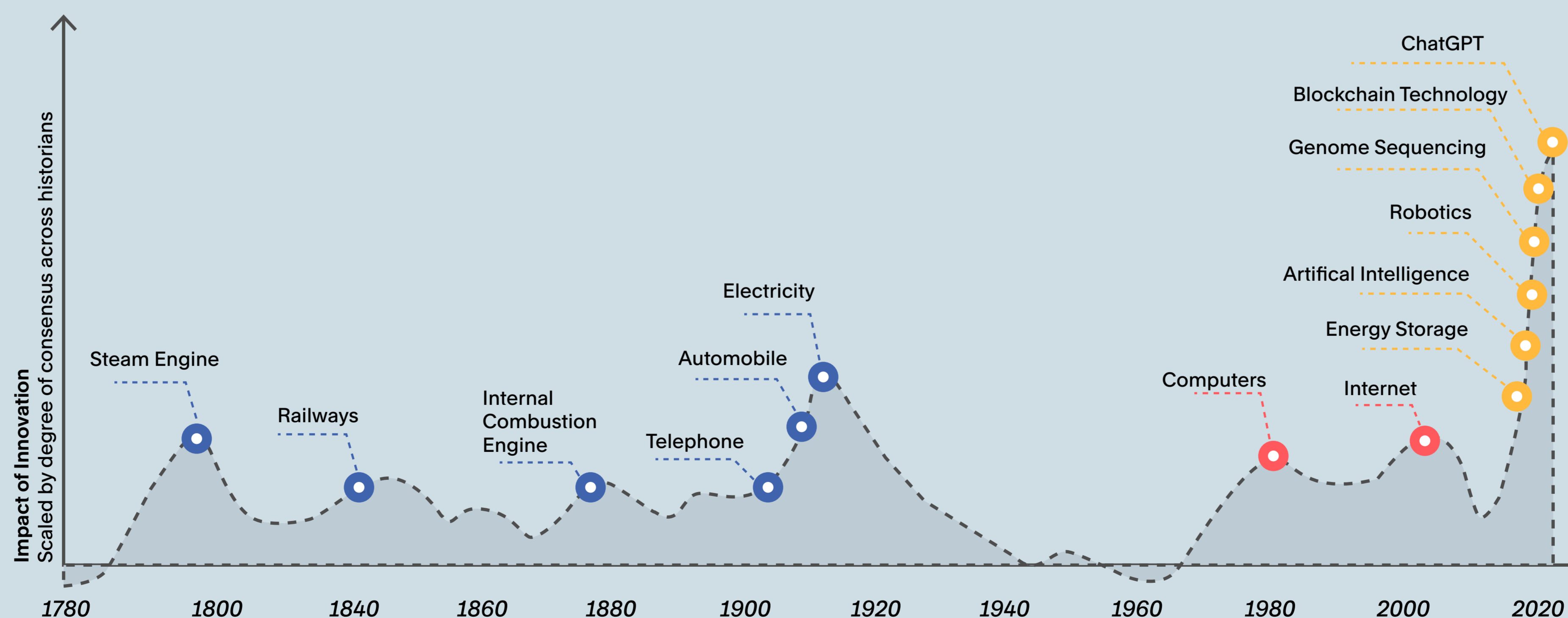
History of Disruptive Ideas: Taking Stock

Introduction

From the humblest of beginnings to the latest breakthroughs in artificial intelligence, innovation has been shaping the course of history, propelling humanity to new frontiers and giving birth to new industries that had previously been inconceivable. Whether it's a groundbreaking technology, a revolutionary product, or a transformative idea, innovation is the driving force behind human advancement, empowering us to challenge the status quo and push the boundaries of what is possible.

At the turn of the nineteenth century, three disruptive innovations emerged in a synchrony that shook the very foundations of the world. The advent of the telephone, automobile, and electricity heralded a new era of boundless possibilities, as costs plummeted and productivity surged, unleashing a tidal wave of demand across all sectors.

Fast forward to the present day, and we find ourselves at the brink of an even more seismic shift, as several game-changing innovation platforms converge to reshape the very fabric of our global economy, namely Artificial Intelligence (AI), Robotics, Blockchain Technology, Energy Storage, and DNA Sequencing.



*Source: ARK Investment Management LLC, 2019. Relative impact of an innovation scaled by the degree of consensus between economic historians.



A close-up of a hand reaching out, with the index finger pointing upwards. The hand is set against a dark, starry background, possibly representing space. A vibrant, multi-colored digital light effect, resembling a laser or data stream, emanates from the tip of the finger and spreads outwards, creating a sense of motion and technology. The light has shades of blue, purple, and pink.

Innovation: Sustain or Disrupt?

Sustaining innovation refers to incremental improvements made to existing products, services, or processes that enhance their performance or quality, and maintain incumbency in the market. The aim is typically to increase sales to the current, profitable customer base, without targeting untapped market segments.

By overlooking untapped market segments, incumbent companies provide smaller companies or new entrants with ground to target this ignored population through disruptive innovations. The latter often involve creating a simpler, cheaper, or more accessible alternative to existing products or services, making them available to a larger segment of the population. Therefore, the existing market is disrupted, and new ones are born.

The success of a disruptive idea hinges upon numerous factors. Not only does it require a risk appetite, but it is also essential to have an innovative business model and a clear value network in which suppliers, partners, distributors, and customers are better off when the disruptive technology reaches scale.

As stated above, disruptive innovation forces giants to retreat upmarket, leaving the door open to fast-growing startups initially focusing on an untapped customer base either at the bottom of the existing market or an entirely new one.

Most executives believe that in five years, their main competitor will be a different company from the one today. This is not only testament to the speed at which startups are disrupting markets and industries, but also serves as a warning of how unprepared established companies are in responding to the dynamic changes of today's business world.

ChatGPT: Unleashing the Power of AI in Today's Market

In a dramatic turn of events, two of the AI game's established powerhouses, Microsoft and Google, found themselves outmaneuvered by an unlikely newcomer, ChatGPT, who is revolutionizing the rules of the game.

ChatGPT is the brainchild of OpenAI, a startup co-founded in December 2015 by a team of tech pioneers, including Elon Musk and Sam Altman. Its unveiling to the public in November 2022 caused an immediate stir, spreading like wildfire and capturing the attention of millions worldwide. In less than a week, ChatGPT amassed over one million users, an impressive feat that quickly snowballed to over 100 million users in just two months. Today, ChatGPT boasts over 13 million daily users.

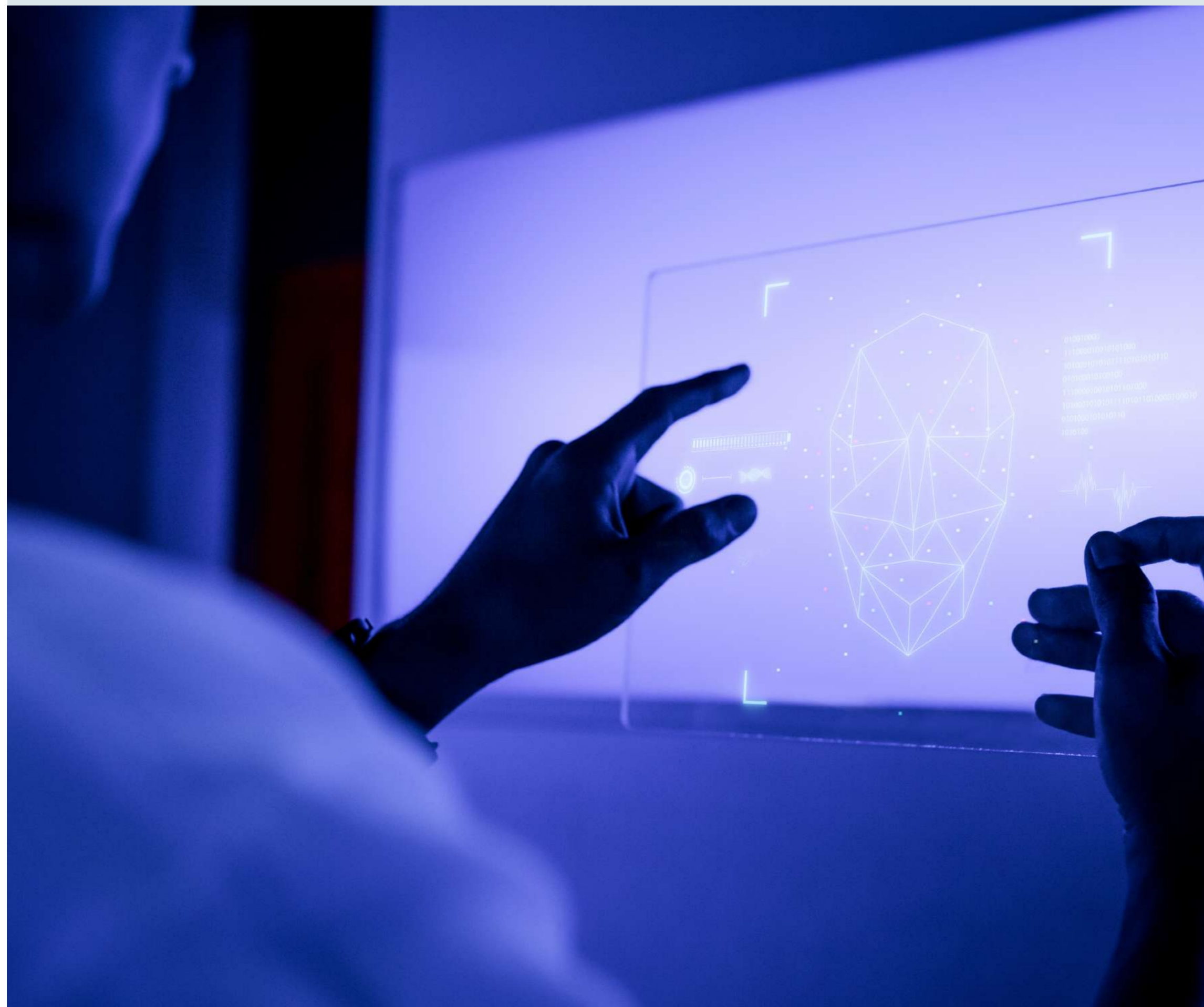
A powerful language model/generative chatbot, ChatGPT became an internet sensation in just days of its release thanks to its enhanced features and abilities.

Unlike traditional chatbots, it is highly customizable and can be easily integrated with a wide range of platforms and tools. It has been trained on massive volumes of corpus from the web in different languages to provide accurate answers that aren't hand-coded to clarify complex and open-ended questions about any topic.



This means when generating text, it tries to predict the next word by drawing on what it's seen in its massive internet data set, and the end result is solid, consistent content similar to human writing.

The introduction of ChatGPT has once again thrust AI into the limelight, as the world braced itself for a paradigm shift. What was once confined to the realm of sci-fi literature and blockbuster movies is now an undeniable reality, with far-reaching implications. As a result, many are pondering how this technology will transform industries for the better and whether it will ultimately supplant human workers.



The upstart's disruptive innovation forced the two industry giants (Microsoft and Google) to pivot and adapt quickly to survive in one of the most intense battles yet. Microsoft rolled out a new version of its AI-powered Bing search engine, while Google has entered the race with its latest AI chatbot, Bard, currently undergoing rigorous testing in the competition for AI supremacy.

Both Microsoft and Google are investing in AI technologies because they recognize the potential benefits that these tools can bring to their businesses. These companies are using AI language models to improve their products and services, enhance their customer experiences, and increase efficiency and productivity. As such, they are likely to continue to invest in AI technologies like ChatGPT in the future.

Adapting to Change: How Companies Can Thrive in a Fast-Paced Market

7-Eleven is a prime example of a company that has successfully adapted and coped with change and market dynamics to become a leading convenience store chain. Starting as an ice delivery company in the late 1920s, 7-Eleven has constantly evolved to meet the changing needs and demands of its customers. In the 1950s, they began selling milk, bread, and other basic groceries to cater to the growing suburban market.

In the 1970s, they introduced the concept of a 24-hour convenience store, which revolutionized the retail industry. In recent years, 7-Eleven has embraced technology and innovation, introducing mobile payment options and expanding their product offerings to include healthier snack options and fresh foods. By constantly evolving and adapting to change, 7-Eleven has remained a relevant and innovative player in the convenience store market.



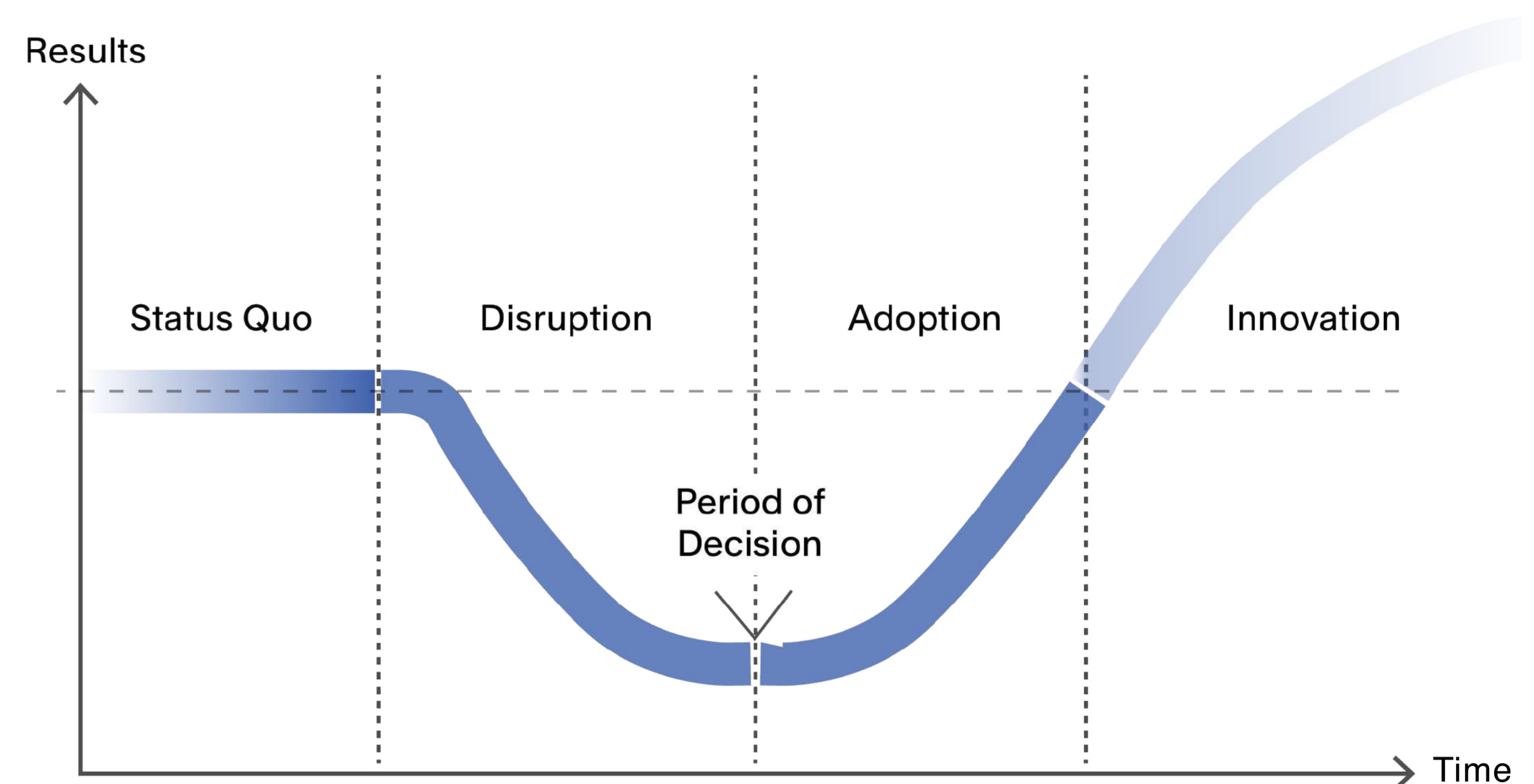
The Change Model

FranklinCovey presents “The Change Model” to visually portray the four zones of change, in order to assist leaders to understand where they and their team members are in regards to change.

The “X” axis represents results. The “Y” axis represents time. This model allows leaders to understand the challenges and potential pitfalls and provides tools to coach team players through the four zones of change.

1. Zone of Status Quo

This zone is exemplified by a steady state of business-as-usual. Team members feel comfortable and in control. However, the zone of status quo is temporary – change is happening all of the time. Some change is determined by you, some by others for you and some change is not expected. Choosing to remain in the zone of status quo is not an option.



2. Zone of Disruption

As soon as you sense a change, you enter the zone of disruption. Results become unstable, the rules of the game are rewritten, things that were familiar disappear, what worked in the past may not work for you. Team members are uncomfortable at best, miserable at worst. Some organizations get stuck in this zone. If so, the organization ends up redefining normal as a lower level of results. Two things will help team members move through this zone:

- 1) helping them understand what is changing and why.
- 2) helping them decide to act or get to the Point of Decision. As a leader, you want to get through this phase and pave the way for others to get through it, too.



3. Zone of Adoption

This zone is defined when a team member reaches the point of decision and decides to act. This zone can appear nice and smooth. However, in reality it looks more like change/fail, change/go forward, change/ go backwards. Progressing through the zone of adoption can be messy. Team members feel lost, experience setbacks; even question the reason for the change. This is where change can fail because people cannot make it out of the dip. To get through the Zone of Adoption, leaders must keep team members focused on the expected benefits from the change, learn from setbacks, and stay committed.

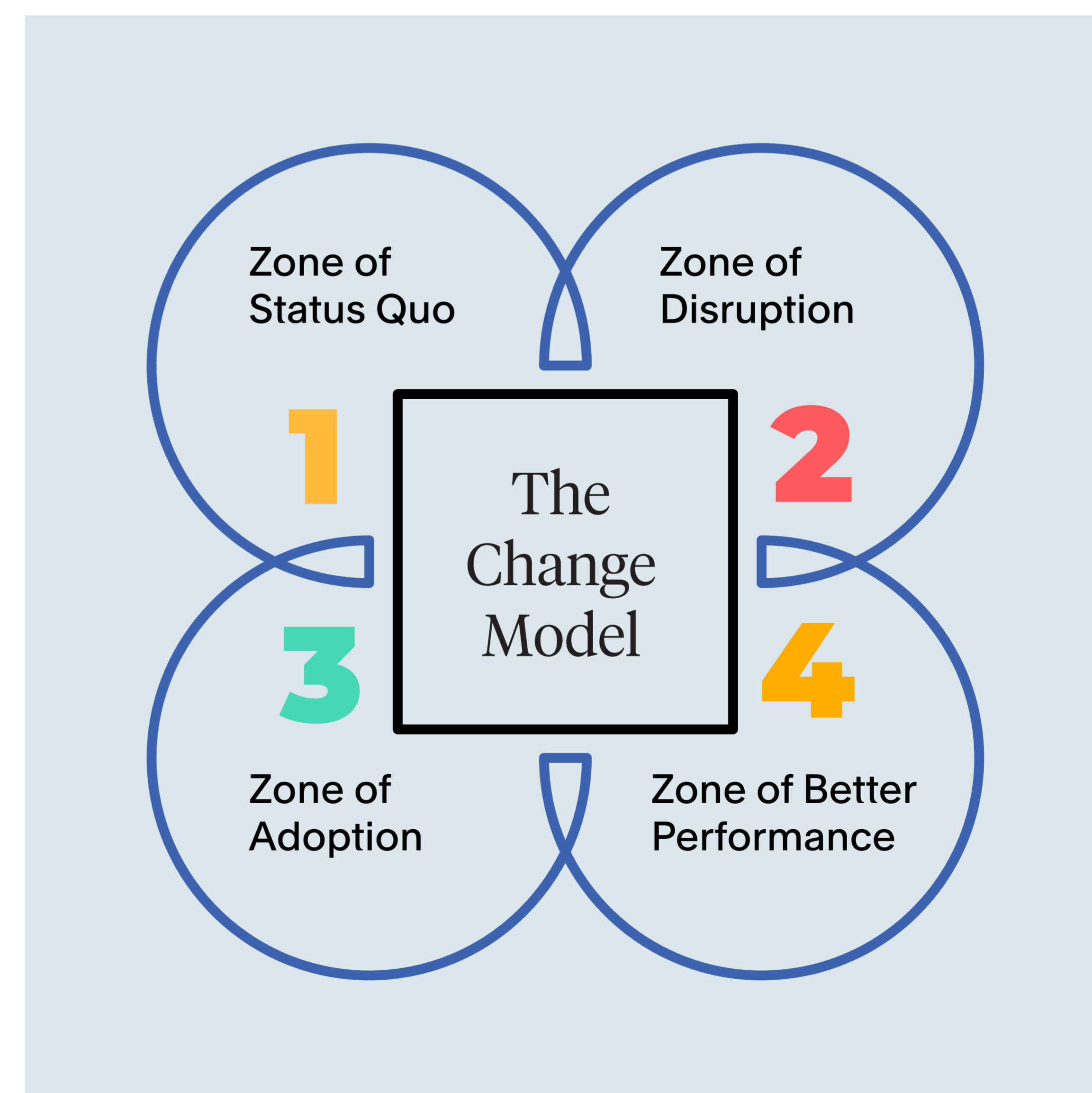
4. Zone of Better Performance

Here organizations begin getting results that are significantly higher than before the change. Team efforts begin to pay off. Team members feel energized and have a sense of achievement. New results begin multiplying and team members are enthusiastic. You have led your team through change and arrived at better performance.

As a leader, you must create a mindset where change is expected. Predict where the change will take you and prepare your team to get there. Hone your vision. Create a communication plan.

75% of corporate change initiatives fail to meet their objectives

primarily due to mismanaged change, according to a study in the Harvard Business Review. This mismanaged change is also the most important factor cited when boards fire their CEO.



Orienting Your Team to the Change

Leaders recognize that those involved in change need the opportunity to orient themselves to the new reality. They benefit from the space to consider and process what they believe and feel their part in the change will be.

To help orient yourself or members of your team, ask:

- Which zone are you in with the change? If you or they answer yes to a question, move to the next one. Your first no tells you where you are.
- Are we in the Zone of Status Quo: Has the change begun?
- Are we in the Zone of Disruption: Are you clear about what is changing, why, and what the change means for you (impact on work, responsibilities, personal life, etc.)?
- Are we in the Zone of Adoption: Have you reached the targeted outcomes of the change?
- Are we in the Zone of Innovation: Are you making the most of the change? Can you see opportunities emerge from the change besides the expected results?

If the change feels overwhelming, ask the members of your team:

- What about this change feels outside your control?
- What can you control?
- What opportunities might the change create?

In summary

change is happening all of the time. Choosing to remain in the zone of status quo is not an option. The change model helps leaders and teams not to fear change but to embrace it. The change model also provides leaders with the tools to manage the process of change, so that team members and organization arrives at the zone of better performance!



Why High-Trust and Low-Bureaucracy Cultures are the keys to Innovation.

Businesses worldwide are currently grappling with constant change and novel challenges, which are leading to workplace ambiguity and posing threats to both employees and entrepreneurs. Factors such as pandemics, politics, and the rapid proliferation of AI technologies are among the critical elements shaping the current volatile and unpredictable environment.

To survive in today's competitive market, businesses must offer advanced, cost-effective, and improved services and products. To achieve this, they need to be innovative and embrace two critical concepts: [agility and low bureaucracy](#).

Now the question is, what is meant by agility and bureaucracy and how can they be integrated into the current business model?

According to Aaron De Smet, agility is the ability of an organization to renew itself, adapt, change quickly, and succeed in a rapidly changing, ambiguous, turbulent environment. And as for bureaucracy, this term refers to a complex organization that has multilayered systems and processes.

A study by the

**Harvard
Business
Review**

found that companies with



high-trust cultures

**are more innovative,
have better customer
relationships, and perform
better financially than
companies with**

low-trust cultures.



Despite being interdependent and vital for creating effective coping strategies, some executives are reluctant to acknowledge the compatibility and significance of both agility and low-bureaucracy concepts. While they are comfortable adopting agile methodologies, they are hesitant to entrust their employees with greater responsibility or reduce the level of bureaucracy, which they view as crucial for enforcing the entity's rules and regulations.

has long been a hurdle that obstructs the ability to reap the rewards of agile teams by systematically impeding their progress and stream of ideas. To be flexible and agile, one must make quick decisions and complete work within tight timelines, without being bogged down by constraints like budget processes and detailed templates.

Managers must rethink their approach to decision-making and resource allocation to prevent delays and maintain employee commitment. Changing the mindset of leaders and managers is essential to ensure business continuity and avoid failure. This requires setting agility as a goal for the organization and creating a safe space for employees to share innovative ideas with leaders who are willing to push the bureaucracy and implement those ideas consistently over time. It is crucial to create an environment that encourages employees to share their ideas confidentially with leaders who believe in their potential.

Overall, low-bureaucracy organizations tend to foster a culture of innovation that values creativity, experimentation, and risk-taking since they are less encumbered by the constraints of traditional hierarchical structures. By creating a more open, collaborative, and flexible working environment, these organizations can stay ahead of the curve and drive innovation in their industries with increased productivity and improved organizational performance.



Create a Workplace Where Great Ideas Thrive

Amidst the groundbreaking advancements of AI technologies like ChatGPT, numerous businesses are still entrenched in bureaucratic systems and resistant to shedding traditional top-down management approaches or restrictive administrative frameworks that crush creativity and inhibit innovation - the two vital ingredients for growth and success.

Establishing a culture of honesty, psychological safety, and mutual respect between teams and managers is essential in motivating employees to exceed expectations and accomplish the ultimate goal of creating a resilient organization capable of withstanding any unforeseen circumstances.

Winning Culture Capabilities

A high-trust work environment is the foundation of a winning culture. When trust is pervasive in the workplace, employees feel supported, respected, and empowered. Engagement and retention increase in cultures built on trust, which leads to greater innovation, increased productivity, and improved business results. FranklinCovey provides learning solutions based on 35+ years of research and refinement to help your organization build and improve its culture.

[Increase Trust](#)



[Navigate Change](#)



Transform your organization's approach to change

While every change is unique, it follows a predictable pattern. Understanding this pattern and building the skills to navigate it successfully allows you to consciously determine how to move forward—even in the most challenging seasons of disruption.

Change: How to Turn Uncertainty Into Opportunity™ is a course designed to help organizations build individual confidence through a predictable pattern of change, lead people through the human reactions to change, and optimize change-management processes.

Get started

Change is available in multiple learning modalities, including:

 **Live-Online**

 **On Demand**

 **Live In-Person**

To learn more, email us at
info@franklincoveyme.com
or visit www.franklincoveyme.com



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