What Uber tells us about disruption

By Dr Ken Hudson

Checking the Uber app. Photo: Dominic Lorrimer

The on-demand car service Uber is generally considered an illustrative case study in digital disruption. But the digital component is only part of it's success and there are other important lessons for any business.

Any disruption consists of 3 elements:

1. A consumer frustration or insight
2. A leap of imagination
3. A digital solution

As the story goes, the two founders Travis Kalanick and Garrett Camp met at a conference in 2009 and the problem of finding a taxi came up. They both instantly started swapping stories of how frustrating this experience is particularly if you are in a hurry or it is raining or you are burdened by heavy luggage or you are in an area where you don't feel safe.

Do these frustrations resonate with you? Of course they do. It's a global problem.

Condition number one is satisfied: a large and ever-present consumer frustration.

Now a leap of imagination is required (condition number 2).

What if, we could create a service where consumers could find a car wherever and whenever they wanted one.

What if, we could create a service which did not rely on an existing taxi fleet but the drivers could use their own car?

What if, we could make the ordering process faster, easier and simpler?

And lastly, what if we could introduce a rating system so that both drivers and users could be recognised and rewarded for outstanding service.

Notice that these types of questions would even occur to the existing taxi industry because they do not want the world to change. They are stuck with an entrenched mindset and business model.

Uber chief executive Travis Kalanick. Photo: Facebook

The taxi industry will keep winning as long as the game and the rules of the game don't change.

But as Mike Cannon-Brookes, co-founders of Australian software giant Atlassian recently remarked, "part of an entrepreneurs job is to change the world in some way. You don't do that by adopting someone else's world view".
All of which, made the taxi industry ripe for disruption.
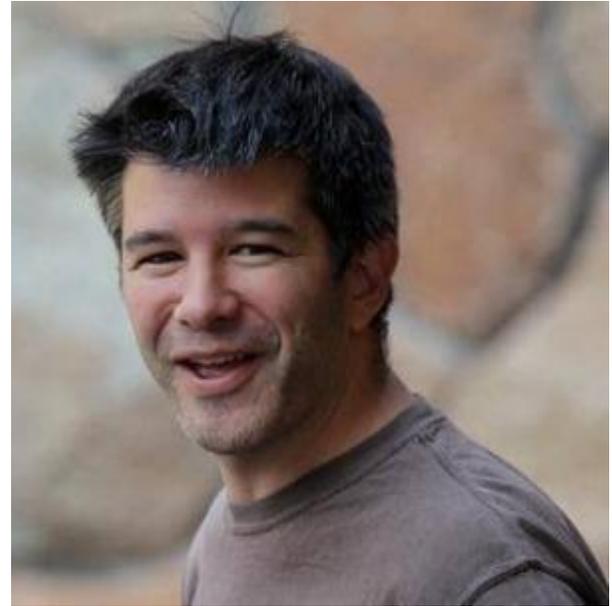
Now for condition number 3 – a digital solution.

Enter the Uber mobile app:

- It's fast, simple and easy to use the mobile app (there are no engaged phone call signals for example).
- You enter in your credit card information so there is no cash involved.
- The user can see the car's location.
- You can rate the driver and they can rate the passenger and these rating are available for all to see.
- And finally the app is free and the customer can have a choice of various levels of Uber services.
- The mobile app is addictive. And like all great products it quickly becomes a habit.

The key lessons for leaders and business owners are these:

- Disruption is less about a breakthrough digital solution but more a disruptive mindset.
- It often starts with a widespread consumer frustration or insight, a leap of imagination and a digital solution.
- Much of the technology today is available to everyone at minimal cost.

The two Uber founders even with such a great idea tested it first by building a prototype and began with a few cars. This testing, pivot and iteration process can easily be copied and used by any budding entrepreneur. Disruption can happen at any time, in any industry, by anyone.

The winners in this new disruption era are consumers. As the Uber and taxi industry prove, consumers that are getting a bum deal will increasingly look for and be open to better, faster and easier alternatives.

Dr Ken Hudson has a PhD in organisational creativity and was a former marketing director at American Express. He has written 3 books on idea generation and speed thinking which have been published in 9 countries. www.drkenhudson.com