

THE DISRUPTION FALLACY

*Stop breaking the wrong things
& achieve meaningful progress*

To my many mentors, thank you.

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YOU MIGHT NEED TO BREAK
EGGS TO MAKE AN OMELET, BUT
THAT'S NO EXCUSE TO BURN
DOWN THE ENTIRE KITCHEN.

FOREWORD

I need a new big bet! Give me Fewer Bigger Better! So many times, I've been challenged by superiors to truly disrupt the categories we were acting in and in doing so replace the product line-up we already had.

When proposing “smaller” innovations that address a slightly different need or consumer preference versus the main product currently in market, the reaction mostly is that these are range proliferations and probably small, with the rather cynical reaction often being “is that all your team can come up with?”

All the fame goes to truly transformational innovation – yet more than 85% of what moves a business forward are the non-disruptive innovations that protect or grow your core business, like product upgrades, line extensions, or an insight-based paradigm shift that makes consumers view your current product in a completely new way. Make your baby grow nicely and steadily versus throwing it away with the bathwater in the frantic search for another baby.

The book is a rallying cry to put these smaller innovations feeding the core business on a much-needed higher pedestal, to be truly proud of them again, and the author provides many theories and concepts to explain why this is the case. It also shows through many examples that if you diligently protect and grow your core business thru Asset-Out innovation (and maybe give it to the retailers' private label business over time), you significantly reduce the necessity to transform your business with a disruptive big bet.

And trust me, protecting and growing the core is already very hard work. The author nicely describes how based

on the role innovation plays in your strategies, the innovation process needs to be run in a differentiated way, with different rules of the game, with different individuals in the organization involved. He also makes the case for why truly game changing innovations ideally get run outside of the main organization by a different team.

Please enjoy and learn about the Lindy principle, Chesterton's fence, Gell-Mann amnesia, the concept of Pace Layering, Jevons paradox – all concepts I had not heard of but make so much sense – if only more leaders would understand these, we could avoid a lot of pain in the innovation space.

A theory and practice-based book challenging the “over-celebrated disruption” as the only path to progress, warning everyone for the lottery of new world disruptions where investment trumps revenue, written with a sense of wittiness as I've known Costas for during the 15 plus years we have been working together.

Frederic Larmuseau

Investor and Board member across several ventures
Former CEO at Jacobs Douwe Egberts and EVP at Reckitt

KUDOS FOR DISRUPTION FALLACY

“Once again, Costas has delivered a thought-provoking and actionable read. Crammed full of expertise and experience, the reader will be left with tangible directions that will yield meaningful results.”

Wilbur Strickland, Board advisor, VP R&D Mondelez

“Innovation is a Tool, Not a Goal – cuts through the hype and delivers a vital truth: true innovation serves a purpose, respects the business, and drives progress, not just change. This book is a must-read for leaders seeking to build a sustainable and impactful innovation culture.”

Hans Lagerweij, Travel industry CEO & Advisor in

“By far the best days of my reading life is when I know there’s a new Costas book project on the way. He’s the only author I know capable of solving the easy-button-versus-grim-truth contradiction. This latest project is the best yet. Full of delusion-busting truths, meaningful advice and (the secret sauce) funny as hell.”

Darrell Mann, CEO Systematic Innovation Ltd

“What Costas gets right is that disruption isn’t the gold standard—it’s the expensive, messy last resort. History loves to glorify the innovator-as-hero, but skips the cost of all the chaos. This book is a brutal (and funny) reminder that real impact often means improving, not destroying.”

Emil Drud, Creative Odyssey Podcast

“If you are looking for sexy innovations, ‘May the force be with you’ :-) and this book is not for you. Shift to growth momentum of your business, and this is your practical guide. An enjoyable read – sarcastic yet factual.”

Dahlia Zayed, Emerging markets brand strategy consultant

“With The Disruption Fallacy, Costas has distilled the essence of how to develop meaningful and pragmatic innovation that serves and grows the whole business. Every CEO, Head of Supply Chain/ R&D/ Finance/ Marketing/ Sales should read this book. Innovation is a total business activity – not just for Marketing &/or R&D.”

Greg Beardwell, 20-year Innovator and Entrepreneur

PREMISE: THE CLEAN SLATE ALTAR

In one year from now I will have worked in the innovation domain for 30 years. From product design & manufacturing to innovation consulting, to investing. I have seen the corporate birth chambers of new ideas up close and been part of hundreds of innovation projects. I've helped build and sell businesses, met and worked with the most creative marketers and engineers one could wish for. I can confirm it's a *great* way to spend your life and career.

Yet in most ways my days look nothing like what I read in business books about how 'innovation' is supposed to work. The successes and heroics look different, as do the failures. I never read about the perpetual petty problems and most of the work is just that: work. *Hard* work, to agree and implement product upgrades in highly optimized environments where every tiny tweak makes colleagues angry. A world where customers refuse to buy your superior new solution for no clear reason.

In my view the main difference boils down to the innovation narrative always being about *Disruption*, while the reality almost never is. Disruption is heralded and celebrated, while it is usually that last thing the business problem calls for. Meanwhile, what makes *progress* happen remains elusive and misunderstood.

This book is my rallying cry against Change for Change's sake, against Disruption as *the* only path to progress. I've compiled it from a number of articles and a huge number of scribbles I wrote in the past few years – alongside my other passion of writing business satire and poking fun at misbehaving companies and their teams.

Given I am a sucker for business wisdoms like *Occam's Razor* or *Murphy's Law*, *Sunk Cost Fallacy*, I wanted a similar snappy title along the lines of 'The Disruption [X]'.

My options, in alphabetical order:

- **Bias:** A tilt in thinking that skews decisions toward preconceptions, ignoring inconvenient facts like the setup of an organisation or the laws of physics.
- **Delusion:** A stubborn belief in something that's flat-out wrong, despite glaring evidence to the contrary. The entrepreneurial graveyard is full of them.
- **Dilemma:** A no-win situation where every choice comes with a catch, forcing a tough trade-off. Aka 'Life'.
- **Fallacy:** A slick but naïve leap in reasoning that trips up everything that happens in its wake, ending badly.
- **Paradox:** A head-scratching realisation, where what seems true flips into its opposite. This often defies intuition and is not what the HBR article promised.

Even though Disruption Delusion sounded nicer, I opted for Disruption Fallacy. It describes best what I have seen happen around me. It's not about ignorance or bad intent, but naivety and wishful thinking.

As an engineer, I worked with a super talented team on a genuinely superior piece of equipment for hair colouring in salons. It bombed for reasons *way* beyond our reach that none of us had thought possible. As one of the founders of the global innovation agency Happen Group, we regularly came in *after* a failed 'disruption' to help get new propositions off the ground quickly that might not have seemed as sexy but definitely sold well. With new clients, we often found ourselves convincing innovation teams their growth ambitions were achievable without destroying half their supply chain along with their market share and reputation. Later on, as co-founder of the

circular economy fund Una Terra, I was horrified to discover 97% of scale-ups¹ we met² were not market ready, or even market-*relevant*.

Disruption is over-valued.

In this book I'll be looking mostly through the lens of mass market industries, because it's a domain I know well.

Few people realize that the companies stocking your supermarkets and drug stores live in a very tough innovation reality. Low margin products that need to be made at consistent quality in immense volumes, with continuous renewal pressure from whining consumers, retailers, distributors and regulators. All while running on eye-wateringly expensive production equipment.

There is cause for hope, as I'll explain. Let's dive in and rebel against rebelling.

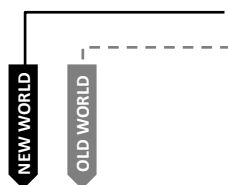
Costas Papaikonomou

The Hague, April 2025

¹ Term used for a recently founded & funded small business aiming to grow fast now that its technology has been proven viable and the market potential defined.

² Fewer than 5 out of 150 we spoke with in one year had any medium-term viability baked in. We then put stronger filters in and spoke only with better candidates.

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SPEED READ GUIDE

Five essential chapters to stop breaking the wrong things, then pass this book on to the person doing the work.



OLD WORLD

Mature corporations, large markets, Fortune500.



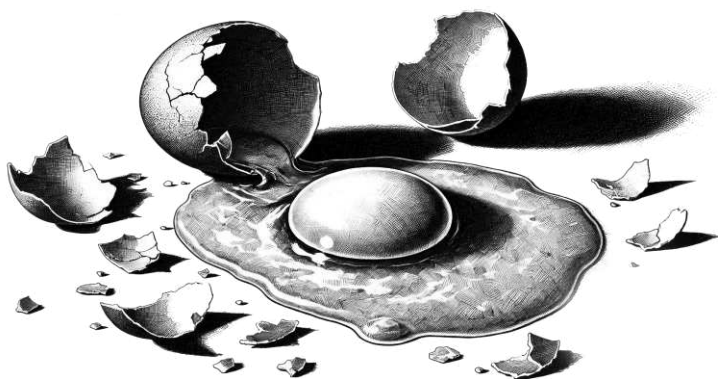
NEW WORLD

Young businesses, few paying customers, startups.



I

FUNDAMENTAL S OF INNOVATION IN BUSINESS



*Gustave Doré meets
2nd Industrial Revolution*

INNOVATION IS A TOOL, NOT A GOAL

If innovation is the answer, then what was the question?

Such a simple question, yet so often hard to answer. Was it about beating a competitor? Was it about saving cost? Was it because a customer asked for it? Maybe it was just because we always do new launches this time of year?

Unlike in the Arts, in business we are not creative for creativity's sake. We do so only when we have to, because a smoothly run business implies well-designed processes. Actually, that is an unfair comparison, because successful artists are often good businesspeople who happen to have a creative talent they can monetize.

Then what was the question that led to an organization deciding to change what it does and go through the risky hassle of developing a new product or service? This book is about the universe of commercial innovation, where new things are developed in order to serve a business purpose.

In my experience, there are only three reasons an organization should innovate: to **PROTECT**, **GROW** or **TRANSFORM** its products or services – and through these, their market. Three very different objectives that should be handled very differently as they require different skills, ask for different decision-making criteria and represent very different risk profiles. Mixing them up ends in disappointment without exception.

WHEN TO INNOVATE TO PROTECT

With a world that is continually changing, this type of innovation is all about retaining stability by making the *smallest possible* changes. There are no heroics here, only elbow grease. Innovation projects that fall in this category