

## INGOT Business Strategy and Christensen's theory of Disruption

**Professor Clay Christensen** of Harvard Business School describes a theory explaining why new start ups and innovations can displace dominant player that seem to be in unassailable positions in the market. Why are the dominant players unable to see and implement these new technologies or business methods themselves? There is more detail [here](#) [1].

The INGOT strategy draws on many of the key features of Christensen's theory.

### 1. Enabling new players to get into the market

In UK schools courses leading to formal government qualifications start at age 14 with qualifications normally gained from 16 up. Our market research shows that there is a market for such qualifications for learners from age 7 upwards and there are more of these than between ages 14-16 but there are no budgets set aside to pay for qualifications in this age group. We enable that market by fundamentally lowering the cost of delivery and using knowledge of government targeted funding to make the qualifications accessible. This is in fact a combination of Christensen's low-end disruption and new market disruption.

### 2. Scope to move up to more demanding and profitable markets

The qualifications business can expand in two different ways. The first of these is to increase the number of customers in the low demand sector. This sector is made up from younger and lower level learners in developed countries where the traditional suppliers don't operate and low income people in developing countries that can not afford traditional qualification costs. The second way to expand is to develop new qualifications and move up into the territory of the existing dominant suppliers in the older age groups in developed countries and the minority of customers in developed countries that can afford traditional education.

### 3. Strategy

The overall strategy is to reduce costs to the extent where even the most economically disadvantaged can gain access to qualifications and incrementally improve the services and support over time so that the value proposition is competitive with the dominant players. By getting volume take up globally in the high volume low level markets we build a brand that can compete with more familiar names and is ready to move up to more demanding customers. We use technological innovation and new delivery methods using Web 2.0 to significantly reduce costs making a 50% profit margin possible even in the "less profitable" market sector. That income is reinvested in broadening the range of products and moving up from low level simple qualifications to cater for higher level more demanding customers. We globalise qualifications and make all the necessary supporting resources freely available from the internet using Creative Commons licensing with the freedom for localisation that we do not need to fund. As we move from Web 2.0 on, learners will provide all the digital resources they collectively need much more efficiently than buying into closed licensed material. Just as advertising has sustained internet search and an increasing number of information services. Paying for quality assurance will be the main sustainer of education. The potential global market for education is effectively unlimited.

### 4. Current position

Company is set up, accredited by the UK national qualifications regulators and endorsed by the sector skills council for IT and Telecommunications (took 2 years). Initial products registered in the UK National Database of Accredited Qualifications. Market research in many countries shows there is demand and we get unsolicited requests from as far afield as Papua New Guinea and New Zealand. UK business is now profitable with around 70 paying organisations and gets regular requests from word of mouth contacts. One EU project in progress and another approved with partners in Germany, Portugal, Romaina, Turkey and Spain. Partners in South Africa, USA, India and New

Zealand working at various levels. South Africa achieving 50 schools as customers this year with the support of the Shuttleworth Foundation. Plans for schools in the developed world to raise funds through Social Enterprise projects for their enterprise qualifications to fund infrastructure in developing countries to enable schools to participate in e-learning and qualifications. Project for Eastern Europe agreed funded at 5 million Euros to take qualifications to the 29 former Soviet States.

## 5. Future

We can sustain current growth from our own resources but we hope to attract some further investment to accelerate the process. This is unpredictable so we do not make the strategy dependent on it. We focus on the UK first to generate the revenue to sustain development but we use international interest where it can be sustained from low resource levels to weigh up where the next most effective target will be as we grow.

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## Links

[1] [http://en.wikipedia.org/wiki/Disruptive\\_technology](http://en.wikipedia.org/wiki/Disruptive_technology)