

INNOVATION AND DISRUPTION

Innovation Dynamics and Diffusion

Schumpeter · Rogers · Moore · Utterback

PAPER 01 / 03

A Furtherance reference compendium on the intellectual traditions behind organisational design, leadership, execution, and culture.

IN THIS PAPER

This paper opens the Innovation and Disruption series in Furtherance's reference library. It covers the dynamics of innovation – how it drives economies, spreads through markets, and evolves over an industry's life. The question it answers: where does innovation come from, and by what pattern does it take hold?

Schumpeter frames innovation as the engine of economic change; Rogers explains how it diffuses through a population; Moore locates the chasm that swallows technology products; Utterback maps the industrial dynamics that end in a dominant design.

Joseph Schumpeter 1883–1950

Innovation economics · creative destruction

CORE THESIS

Capitalism evolves through **creative destruction** – innovation continually destroys old structures and creates new ones. The **entrepreneur** is the engine, and what matters is not invention but **innovation**: the commercialisation that changes economic life.

FRAMEWORK

Concept	Meaning
Creative destruction	Innovation destroys the old and creates the new
Invention vs innovation	Ideas matter only once commercialised
Five types of innovation	New products, methods, markets, supplies, organisation
Mark I vs Mark II	Entrepreneur-driven versus large-firm R&D

METHODOLOGY

Economic theory and history of capitalist development.

SIGNIFICANCE AND CRITIQUE

The founding theorist of innovation economics, and the source of its central metaphor. The critique: the framework is broad and historical rather than predictive.

Everett Rogers Diffusion of Innovations, 1962

How innovations spread

CORE THESIS

Innovations spread through a social system over time in a **predictable pattern**. Adoption follows an **S-curve**, adopters fall into distinct categories, and five attributes of the innovation itself predict how fast it spreads.

FRAMEWORK

Element	Meaning
Adopter categories	Innovators, early adopters, majorities, laggards
The S-curve	Slow start, rapid take-off, saturation
Attributes of adoption	Relative advantage, compatibility, complexity, trialability, observability
Opinion leaders	Influential adopters accelerate diffusion

METHODOLOGY

Synthesis of hundreds of diffusion studies across many fields.

SIGNIFICANCE AND CRITIQUE

The foundational theory of how innovations spread. The critique: the adopter categories are defined after the fact, and the tradition carries a pro-innovation bias.

Geoffrey Moore *Crossing the Chasm, 1991*

Technology go-to-market

CORE THESIS

Applied to high technology, the adoption curve hides a **chasm** between early adopters (visionaries) and the early majority (pragmatists). Many products die in it. You cross by dominating a **beachhead niche** so pragmatists get the references they demand.

FRAMEWORK

Idea	Meaning
The chasm	The gap between visionaries and pragmatists
Pragmatists want references	They buy once peers like them have
Beachhead segment	Win a niche completely before expanding
Whole product	Deliver everything needed to fully solve the need

METHODOLOGY

A practitioner model adapting diffusion theory to technology markets.

SIGNIFICANCE AND CRITIQUE

The definitive go-to-market model for technology. The critique: it is tech-specific and built on a vivid metaphor rather than broad data.

James Utterback *Mastering the Dynamics of Innovation, 1994*

Industrial dynamics · the dominant design

CORE THESIS

Innovation follows a **dynamic pattern over an industry's life**. A fluid phase of product experimentation gives way to a **dominant design**, after which competition shifts to process innovation and efficiency – and incumbents often struggle with the next discontinuity.

FRAMEWORK

Phase	Character
Fluid phase	Rapid product innovation and experimentation
Transitional phase	A dominant design emerges and standardises
Specific phase	Process innovation, efficiency, incremental gains
Product vs process	The locus of innovation shifts over time

METHODOLOGY

Empirical study of innovation patterns across industries (with Abernathy).

SIGNIFICANCE AND CRITIQUE

The foundational model of innovation's industrial dynamics and the dominant design. The critique: it originates in manufacturing-era industries.

Synthesis

Theorist	Lens	Key idea	Register
Schumpeter	Economics	Creative destruction	Foundational theory
Rogers	Diffusion	Adopter categories; S-curve	Empirical synthesis
Moore	Tech markets	Crossing the chasm	Practitioner model
Utterback	Industry dynamics	Dominant design	Empirical model

FOR THE OPERATOR

Innovation has a dynamics and a diffusion – the creative destruction that drives economies (Schumpeter), the S-curve by which innovations spread (Rogers), the chasm technology products must cross (Moore), and the industrial pattern that ends in a dominant design (Utterback). For the operator: understand where your market sits on the curve, cross to the pragmatists deliberately, and watch for the discontinuity after the dominant design settles. The next paper turns to that discontinuity's sharpest form – disruption and why incumbents fail.