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Navigating disruption: a practical framework for strategic response

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Abstract

Purpose – This paper aims to develop a practical, decision-oriented framework to help managers select an appropriate strategic response to disruptive innovation.

Design/methodology/approach – This study adopts a conceptual approach grounded in the disruptive innovation literature. It synthesizes prior research to identify three key decision factors (urgency, internal capability and internal resistance) and integrates them into a structured decision framework supported by a decision tree. The framework is illustrated through two contrasting case analyses, followed by a cross-case comparison and a summary table, to show how different configurations of these factors are associated with different strategic responses.

Findings – The analysis shows that effective disruption response depends on the alignment between strategy and context. External cooperation is most effective under high urgency and low internal capability, ambidexterity performs best when internal capability is high and resistance is low, and autonomous units are most suitable when internal resistance is high and urgency is low to moderate. Strategic misalignment increases the risk of delayed or unsuccessful responses.

Originality/value – This paper offers a practical framework that links organizational conditions directly to strategic choice. It contributes by bringing together urgency, capability and resistance into a unified decision tool and by illustrating how different strategic responses may succeed or fail depending on their alignment with these conditions.

Keywords Disruptive innovations, Ambidexterity, Collaboration, Autonomous units

Paper type Practitioner paper

Introduction

The business environment moves fast, and industry disruptions are the norm. For example, Netflix disrupted the media industry by replacing traditional video rental and broadcast models. Similarly, fintech companies have changed traditional payment systems and banks. The challenge for companies is how they should respond to disruptions in an effective manner. Many companies know about disruption and possible response strategies (such as autonomous units, building ambidextrous structures or forming external partnerships). However, making an appropriate decision is not straightforward in practice.

Kodak, one of the earliest developers of digital photography, failed to act effectively when the new technology began to dominate the industry. It failed not because it did not have enough resources, such as technology or talent, but because its response to the disruption did not match the internal and external conditions it faced. Kodak relied heavily on its core

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business and resisted changes that could have helped the company keep up with the speed of disruption. As a result, Kodak lost its position in the industry. Managers may be biased to follow familiar methods or politically safe choices, without thoroughly assessing different strategies and examining their fit with the situation.

New technology such as digital technologies, platform ecosystems and artificial intelligence (AI) makes disruption faster today. These new technologies allow new entrants to scale up and change the entire industry in a short time. Many industries now operate under digital ecosystems, in which companies need to work with partners, platforms and external developers to create value (Adner & Lieberman, 2021; Bohnsack, Rennings, Block, & Bröring, 2024). AI is another main driver of disruption across industries. AI technologies enable new business models, automate decision processes, and lower the barriers of entry for new entrants, which in turn increases the speed and unpredictability of technological change (Brynjolfsson, Rock, & Syverson, 2021; Cockburn, Henderson, & Stern, 2018; Jorzik, Klein, Kanbach, & Kraus, 2024). As a result, deciding how to respond to disruption has become even more challenging for managers.

The literature on disruptive innovations has previously provided valuable insights about how disruptive innovations can challenge incumbents and has also identified different responses that incumbents can follow when they face disruptions, including ambidextrous structures, autonomous innovation units and external collaboration. However, these studies often focus on individual mechanisms rather than decision processes. This paper aims to bridge that gap by introducing a practical framework to help managers choose the right strategic response when disruption happens.

We focus on three main strategies:

(1) establishing autonomous units;

(2) following organizational ambidexterity; and

(3) shaping external collaboration.

Our framework shows how to select between these strategies based on three key factors: urgency of response, firms' internal capability, and resistance to change. Leaders play an important role in how firms respond to disruption. For example, whether they integrate new innovations into existing structures or separate them into new units (Snihur, Zott, & Kiss, 2025), there are internal challenges such as organizational inertia, political resistance and communication barriers that can prevent firms from responding to disruption even when managers recognize the need to respond and they have enough resources to do so (Perini, Carneiro, & Miller, 2024).

This suggests that selecting the appropriate response strategy depends not only on external market conditions but also on internal organizational factors. Our framework helps managers by offering clear criteria, real-world examples (both successes and failures), and a step-by-step structure for implementation.

The challenge of disruption for companies

Innovations can be categorized into two types: sustaining and disruptive (Christensen, 2015). Sustaining innovations are developed based on what existing customers value. These types of innovations are less risky and more manageable since they are planned in advance. Sustaining innovations help companies sell more products, often with higher margins, which in turn can increase companies' profitability.

Disruptive innovations are less frequent than sustaining innovations (Assink, 2006). They feel unfamiliar and involve higher risk (Ananeva, 2019). Disruptive innovations introduce

features in products that are not aligned with the demands of existing customers. When disruptive innovations are first introduced, they may be perceived as underwhelming or even inferior. But their offered attributes may be appealing for niche markets, especially those at the lower end of the market (Markman & Waldron, 2014). Disruptive innovations are most often developed by new entrants since they are not restricted by an existing customer base (Christensen, 2015).

Firms are surrounded by continuous innovations that can significantly change or disrupt how they, or even the entire industry, operate (Christensen, Wang, & Van Bever, 2013; Christensen & Tedlow, 2000; Das, 2017). Disruptive innovation theory was introduced to explain how industry incumbents can be challenged by innovations introduced by new entrants. This theory suggests that disruptions occur because incumbents naturally, and eventually harmfully, focus on serving their current profitable customers while ignoring or abandoning emerging or smaller segments. Incumbents are successful when they are dealing with innovations that offer features aligned with what their existing customers value, such as increased capacity (sustaining innovations). In this case, they are capable of leading the commercialization, and they can maintain their market share. But incumbents are likely to be challenged when they are dealing with innovations that introduce new features that are not aligned with traditional dimensions (disruptive innovations). One of the biggest mistakes that incumbents make when they are dealing with disruptions is that they rely on what worked in the past. They follow the same procedures and focus on the customer priorities that made them successful in the past. Disruption occurs when large numbers of customers adopt the new offering, making the innovation the new market standard (Bower & Christensen, 1995; Christensen, 2015).

New technologies such as digital platforms and data-driven technologies can accelerate disruptions in industries (Kapoor & Klueter, 2015). Therefore, flexible organizational structures and faster decision-making processes are required for companies to be able to respond to disruptive change effectively (Hanelt, Bohnsack, Marz, & Antunes Marante, 2021; Warner & Wäger, 2019).

Three strategic paths: autonomous unit, ambidexterity and external collaboration

Incumbent companies are not necessarily doomed in the face of disruption. Companies can follow different strategies to adjust to disruptions. First, companies can create an autonomous organizational unit separated from the core company. This autonomous unit focuses on developing and commercializing disruptive innovations. Being separated from the core company allows this unit to operate more like a startup. This unit does not have the pressure to focus on improving the products for existing customer bases. Instead, it can focus on developing disruptive innovations and building new products for emerging markets. One famous example of this strategy is Google X (being an autonomous unit) from Google. Google founded Google X in 2010 as a separate and autonomous lab with its own leadership and research priorities. This autonomy allowed Google X to not be restricted by Google's core advertising business, and to pursue disruptive projects such as self-driving cars and internet balloons.

The second potential strategy is organizational ambidexterity. In this approach, the company implements a dual system of exploitation and exploration under the same company. Many studies highlight ambidexterity as a way for firms to balance exploration of new opportunities with exploitation of existing capabilities when they try to adapt to technological shifts (O'Reilly & Tushman, 2021). There are different ways for companies to achieve ambidexterity. Companies can create separate units: one for focusing on exploitation, which involves incremental improvements to the way the company operates

currently, and another to focus on exploration, which aims for more radical innovation and out-of-the-box ideas. Each unit is supposed to have its own processes, goals and leadership, but they are aligned by the company's top managers. Another way to achieve ambidexterity is to empower individuals to make decisions about when to focus on incremental vs radical innovations. This route requires a strong organizational culture and supportive leadership. Alternatively, senior leaders can allocate resources, set direction, and maintain alignment between exploitation and exploration (Bower & Christensen, 1995; Krammer, 2022; Raisch & Birkinshaw, 2008; Raynor, 2011; Williams & O'Reilly, 1998). Each approach has trade-offs, but leadership commitment and openness to radical change are key requirements. If this strategy is implemented appropriately, it allows the company to pursue new, more radical innovations and, at the same time, provide the existing customers with continued incremental improvements. IBM has previously successfully applied this strategy through the creation of a number of new internal groups, often referred to as Emerging Business Opportunities, alongside IBM's traditional lines of business, such as IT services and infrastructure. These groups focused on exploring new areas like cloud computing and AI. IBM was successful in terms of giving attention and resources to both the exploratory efforts and the established business.

A third strategy is to look outside the company. To maintain their competitive advantage, incumbents may need to look outside their organization and pursue mergers or acquisitions of entrants that possess disruptive innovations (Angwin, 2007; Bauer, Strobl, Dao, Matzler, & Rudolf, 2018; Kirjavainen, Mäkinen, Saari, & Risikko, 2021; McDonald & Eisenhardt, 2017; Sandström, Magnusson, & Jörnmark, 2009; Wagner, 2016). As disruptive innovation theory suggests, incumbents are constrained by their existing customer base and mergers and acquisitions can help incumbents overcome their limitations in talent and innovation capacity (Wagner, 2016). Recent research suggests that acquisitions have become an increasingly important way for firms to respond to technological disruption (Angwin et al., 2023; Zahoor, Khan, Marinova, & Cui, 2024). Ransbotham & Mitra (2010) suggest that in fast-moving high-tech industries, companies often do not have enough time to develop new technologies internally before the market moves on. As a result, they frequently acquire other companies that already have the needed technology or innovation. This strategy allows them to speed up product development and stay competitive. For example, Microsoft partnered with OpenAI, which allows it to add advanced AI tools to products and stay competitive.

All three strategies (autonomous units, ambidexterity and external collaboration) can be viable. However, not every strategy fits every situation. The main question for managers is: Under what conditions is each strategy the best path?

Three key factors: urgency, capability and resistance

Three factors that can affect the company's strategic response to disruption include: urgency (how urgent the disruption is) (Fredberg & Pregmark, 2016; Mitcheltree, 2023; Utomo, 2023), capability (how capable the organization is of responding internally) (Ganguly, Talukdar, & Kumar, 2022; Gholampour Rad, 2017; Jirawuttinunt, Issarapaiboon, Mueangjum, & Pataraarechachai, 2024), and internal resistance (how much internal resistance exists to doing something different) (Chen, Zhu, & Zhang, 2017; Gans, 2024; Lettice & Thomond, 2008). These factors affect the managers' decisions in terms of whether to act quickly through external cooperation, or more slowly through autonomous units, or somewhere in between.

The first factor is urgency, which is about how quickly the company needs to respond to the disruption. Sometimes the threat of disruption is immediate. For example, competitors have already launched a product, customers' demands are shifting toward new attributes, and

disruptive innovations substitute the existing technology (Fredberg & Pregmark, 2022). In these situations, companies need to act urgently, and any delay can lead the company to lose its position in the market. There are situations in which the disruption is close but not pressing. In this case, companies may still have time to respond through testing ideas or potentially adjusting internally. The exact level of urgency can be hard to measure, but there are signs that can signal the urgency, such as declining sales or new technologies gaining adoption elsewhere. Urgency indicates how much time a company has to respond.

The second factor is organizational capability, which refers to the company's internal ability and resources to develop and deliver disruptive innovations (Eisenhardt & Martin, 2000; Lahring, Sinha, & Osiyevskyy, 2021). These resources can include talent, knowledge, property rights, leadership commitment and existing infrastructure. A company's response can be limited if the company lacks the skills or resources needed. If companies have access to resources such as strong research and development teams or adaptable processes, they may be able to respond internally to disruption. If not, they may need to cooperate externally with partners that already have the necessary capabilities.

The third factor is internal resistance, which measures how much pushback the changes will face inside the organization. Different groups in the company, including managers, employees or even the board, may show resistance to the adjustment strategy when the new approach threatens existing revenue streams, job roles or cultural norms (Assink, 2006; Beer & Nohria, 2000). For example, if a company offers a new product which undercuts its existing high-margin offering, it may face opposition from different groups, including sales teams. Following a disruptive idea can face resistance from risk-averse processes or decision-makers who rely on past success.

A decision framework for strategic response

In this section, we present a framework that can guide managers to determine which strategy is best suited when disruption hits to increase their chances of a timely response and minimize internal friction. The assessments of urgency, organizational capability and internal resistance serve as inputs for our decision framework. The framework encourages teams to assess conditions thoroughly and decide whether to build autonomous units, design dual structures or cooperate externally. Our suggested framework helps managers to ask the right questions before jumping into action, and to avoid strategies which do not fit the company's situation. For example, if a firm faces high urgency and high resistance, but chooses to respond through ambidexterity, the risk of failure is high, since high resistance hinders the process of ambidexterity which requires a supportive culture. On the other hand, launching an autonomous unit in an environment with limited resistance may create unnecessary complexity. Our proposed framework is presented in Figure 1.

The framework is guided by three key questions:

Urgency - How fast do we need to respond?

If the disruption is fast (e.g. customers are switching and new competitors are gaining traction, or technologies are maturing fast), then the urgency is high. In this case, there is insufficient time to follow the strategy of creating an autonomous unit. Creating an autonomous unit from scratch is very demanding and requires complex actions, including selecting a dedicated team, allocating budget, securing leadership commitment or designing a new process. In high urgency situations, following quick external cooperation or potentially an ambidexterity strategy (if resistance is low) can be more viable strategies for companies. If urgency is low or moderate, firms have more time to prepare and explore, and

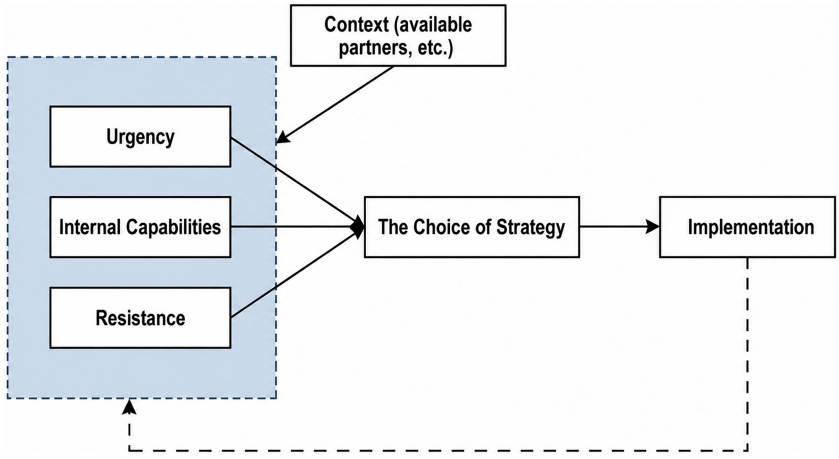

Figure 1. A decision framework for strategic response to disruption

they can afford a broader set of responses, including creating an autonomous unit (Fredberg & Pregmark, 2016, 2022; Mitcheltree, 2023; Utomo, 2023).

Capability - Can we respond internally?
This addresses the organization's internal capability, which includes technical know-how, resources and operational agility. If capability is low, the company cannot respond fast enough on its own, especially under high urgency. In this case, the best option is usually external cooperation: partnering, investing or acquiring from the outside. If capability is high, the company has more control and can consider internal responses, including creating autonomous units or following ambidexterity (Brinckmann & Hoegl, 2011; Eisenhardt & Martin, 2000; O'Reilly & Tushman, 2008; Rosenbloom & Christensen, 1994).

Resistance - Will the organization support or block the response?
An assessment is needed into how resistant the managers and employees are toward responding to disruption and change within the company. Some companies are open to new ideas and are flexible enough to manage change. But there are companies with rigid structures, risk-averse cultures or internal politics that can push back against radical changes. Low resistance allows for ambidexterity, running the core business and innovation side by side. High resistance calls for an autonomous unit (a separate team or business that is shielded from internal pushback) or external cooperation (Lettice & Thomond, 2008).

Drawing from the literature, Table 1 presents examples of operational indicators that may signal different levels of these conditions. These indicators are intended as practical guidance rather than strict measurement rules, as firms may assess these dimensions using different combinations of qualitative and quantitative evidence depending on their context.

In Figure 2, we present a decision tree that illustrates the decision paths and the recommended strategy. There is one path which does not necessitate any of these three strategies. Some firms may find themselves in a position where disruption is anticipated but not yet urgent and their internal capability may be low. This scenario does not mean that the company can act passively. Instead, it presents a window of opportunity for companies to prepare and explore. In this situation, companies can use the time to actively prepare for

Table 1. Indicators for assessing urgency, capability, and resistance

Decision factor	Operational indicator	Low	Moderate	High
Urgency of disruption	Market adoption of the new technology	Limited adoption by customers	Growing experimentation	Rapid migration to new solutions
	Entry and scaling of new competitors	Few small entrants	Several emerging competitors	Fast-scaling competitors reshaping the industry
	Rate of technological improvement	Slow technological progress	Noticeable improvement	Rapid innovation cycles
	Performance decline in core business	Stable performance	Early signs of decline	Rapid revenue or margin erosion
	Industry attention and investment	Limited attention	Increasing attention	Strong industry momentum around the disruption
Internal capability	Strength of R&D and innovation teams	Limited expertise	Some innovation capability	Strong innovation capability
	Access to specialized technical talent	Talent gaps	Some technical expertise	Deep technical expertise
	Experience launching new technologies	Little experience	Occasional innovation projects	Strong track record of innovation
	Financial resources for innovation	Limited resources	Selective investment	Significant investment capacity
	Speed of development and commercialization	Slow development cycles	Moderate development speed	Rapid innovation and launch capability
Organizational resistance	Dependence on legacy revenue streams	Low dependence	Partial reliance	Strong reliance on existing products
	Incentives tied to existing business	Incentives support experimentation	Mixed incentives	Incentives strongly tied to legacy operations
	Flexibility of resource allocation	Resources easily reallocated	Some negotiation required	Resources locked in existing units
	Strength of established routines	Flexible processes	Some rigidity	Highly entrenched routines
	Leadership and cultural support for change	Strong support for experimentation	Mixed support for change	Resistance to initiatives that challenge the core business

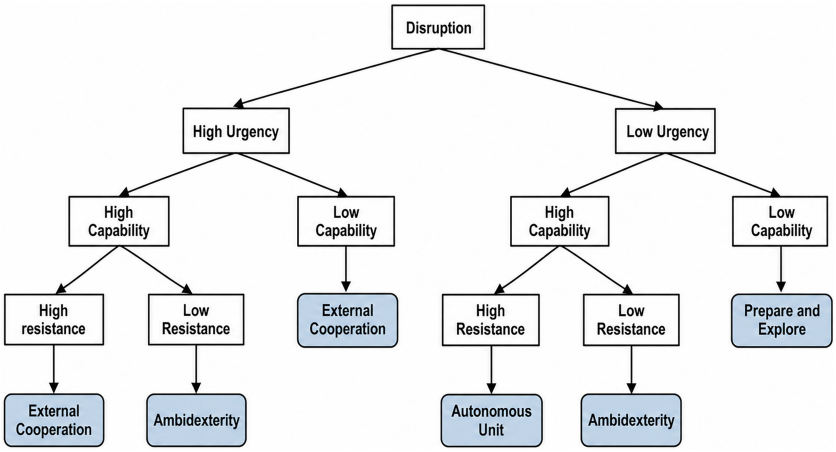

Figure 2. Decision tree for choosing disruption response strategy

future change. They should track emerging trends, experiment with small-scale pilot projects, or recruit or train key talent who can lead future efforts. They can also identify any structural barriers that could slow innovation later.

In Table 2, the appropriate strategy for each scenario is listed, along with an explanation of why that strategy works for the specific situation.

Disruption response as an iterative process

In our framework, we consider disruption response as an iterative process instead of a one-time decision. The company's strategic response to disruption can affect its position regarding urgency, its capabilities, and its internal resistance. During implementation, companies can learn and gather deep information about their strengths, their cultural readiness or the pace of disruption (Leoncini, 2017). A successful response can reduce urgency, improve organizational capability through resource development, or even lower resistance due to higher confidence in the new direction.

Table 2. Suggested strategy for each scenario

Situation	Suggested strategy	Why it works
High urgency, low capability	Cooperation	No time to build - partner or acquire for speed
High urgency, high capability, low resistance	Ambidexterity	Can move fast internally with support
High urgency, high capability, high resistance	Cooperation	Ambidexterity is blocked, and autonomy takes too long
Low urgency, high capability, low resistance	Ambidexterity	Dual structure fits the timeline and capacity
Low urgency, high capability, high resistance	Autonomous unit	Separation protects innovation from internal pushback
Low urgency, low capability	Prepare & explore	Build internal strength before committing to a full strategy

On the other hand, if the company's response was not very successful or fails, it may reveal capability gaps or increase internal resistance. These dynamics highlight the need for managers to reassess the affecting factors and their situation, since they may need to recalibrate their approach as conditions shift. A company may initially choose ambidexterity (based on low urgency and high capability), but after implementation discover that internal resistance is stronger than expected. In this case, they can pivot to an autonomous unit.

Another example is if a company notices that competitors move faster than they expected, or that their selected strategy underdelivers, urgency may increase in the next round, possibly leading them to pursue quick external cooperation.

Adapting the framework to other contexts

While our framework tries to offer a clear, structured path for managers to be able to select a suitable strategic response to disruption, the context (e.g. available partners or regulatory implications) can determine how strategies should be applied or combined. The final choice can depend on these considerations. Also in some cases, more than one strategy or combination of strategies (hybrid) may work; many firms in the digital ecosystem environment follow a hybrid path. For example, a firm facing high urgency and high capability may choose a partnership, or can use a hybrid of ambidexterity and external partnership if speed is critical and internal alignment is not guaranteed. The decision framework is meant to guide, not replace, managerial judgment. It supports thoughtful planning, reduces bias toward familiar solutions, and gives leadership teams a shared language for choosing their innovation strategy.

Managing response to disruption

To help managers translate strategic choices into action, we outline a three-step process: Diagnose and Align, Design and Mobilize, and Execute and Adapt. These steps are illustrated in Figure 3.

Step 1: Diagnose and align

This step is fundamental. Managers need to assess the three key factors from the framework: urgency (how quickly action is needed), internal capability (the resources, skills and infrastructure the organization already has) and internal resistance (how much pushback is likely to happen internally). This assessment should not be superficial. Managers can use cross-functional focus groups which can provide diverse perspectives, especially from

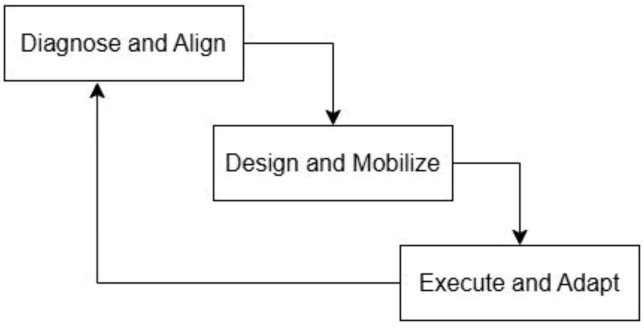

Figure 3. Step-by-step model for strategic execution

frontline and middle managers who may feel disruption earlier than top managers. Another important consideration in this step is that managers must agree on the assessment. Misalignment, such as underestimating resistance or overestimating capability, often leads to failed execution later. Multiple levels of managers in the company should be involved in assessment. In case of high urgency, there are quick tools such as short cross-functional workshops or quick digital surveys which can be applied to help involve different groups in the assessment efficiently. Once managers assess the three factors, they follow the framework to select the strategy that fits their situation. The outcome of this step should be a shared understanding of the company's strategic position faced with disruption (e.g. urgency, internal capabilities, internal resistance) and a clear strategy choice.

Step 2: Design and mobilize

Once the strategy is chosen, companies need to design the right structure and mobilize the right resources. If the strategy is cooperation, this may mean selecting the right external partner, defining control boundaries, and assigning an internal integration team. If the strategy is ambidexterity, it involves establishing clear governance between exploration and core operations, and assigning flexible cross-functional teams to effectively navigate and balance the demands of both innovation and core business operations. If the strategy is an autonomous unit, this is the moment to carve out the team, budget and leadership shield it will need. Resistance should be addressed. That may include communicating the "why" behind the change with employees and managers. Firms should also revisit policies that may slow things down.

Step 3: Execute and adapt

The final step is controlled execution combined with fast learning. Managers should launch the new initiative with clear goals but also build feedback loops from the start. Early results should shape ongoing investment and adaptation. During this phase, executive attention and cultural space to experiment is needed. In many cases, this is the step where scaling and integration are decided. For example, if an external partnership proves valuable, the firm might increase investment and consider another cooperation. If an autonomous unit succeeds, the company may decide whether to scale it independently or integrate its technology or insights into the core. In summary, continuous learning and agility are critical in this step since the conditions may change rapidly and the chosen strategy may need to be refined or replaced.

In the following successful and failed cases, we illustrate our framework for strategic responses to disruption by examining how each strategy aligned with the three key factors: urgency, internal capabilities and internal resistance. The cases are used to illustrate how the proposed framework can be applied to interpret disruption responses. The case analysis draws on multiple sources including industry reports, secondary case studies, and executive interviews to triangulate interpretations of the disruption and the strategic responses of the firms.

Case I. Blockbuster's Missed Response to Disruption (Mollman, 2023; Naysmith, 2023)

Blockbuster was founded in 1985 and was the leader in the home video rental industry. The company had thousands of stores worldwide. However, the company failed to effectively respond to the disruption in the industry introduced by Netflix.

The Disruption

Netflix entered the video home rental market in 1997, and it introduced a significantly different business model. Its business model focused on convenience and entailed DVD rental by mail with no late fees. Netflix's business model challenged Blockbuster's core business which worked based on late fees and physical stores. Netflix continued providing more innovations to the industry, including personalized recommendations for customers and launching its online streaming service in 2007, which fundamentally changed how consumers accessed video.

Blockbuster's Strategic Misalignment

Blockbuster was aware of Netflix. In fact, Netflix's founder, Reed Hastings, proposed a partnership or acquisition (for $50m) by Blockbuster in 2000, which was declined by Blockbuster. Netflix co-founders described how the proposal was dismissed during a meeting with Blockbuster leadership, recalling that Blockbuster executives essentially "laughed us out of the office" and initially viewed Netflix as a small niche business rather than a serious industry threat (Bilton, 2019).

There were clear signs that customers' needs and preferences were changing. However, Blockbuster delayed real changes partly due to internal resistance and conflicting priorities. The threat posed by Netflix was real. Customers were rapidly switching to Netflix. Digital technology was disrupting the media industry (Urgency: High). However, Blockbuster did not assess the urgency correctly. They underestimated the disruption. The reaction of Blockbuster's leadership to Netflix's early proposal illustrates how the company underestimated the scale of the emerging disruption and failed to interpret the signals of changing customer behavior.

Blockbuster had ample resources, including financial resources, brand recognition and customer data. They had the internal capability to respond internally or through acquisition. They even introduced their own DVD-by-mail service in 2004. However, they did not have strategic commitment and moved too slowly. (Capability: Moderate to High)

A high percentage of Blockbuster's revenue came from late fees which were deleted by Netflix. For Blockbuster, adapting to the new model (with no late fees) meant losing a significant part of their revenue. Top managers or even store managers were reluctant to change what worked for them for so many years. In 2007, CEO John Antioco was removed by Blockbuster's board mostly due to disagreement over strategy, especially regarding a digital pivot. In later commentary, Antioco stated that "I firmly believe that if our online strategy had not been essentially abandoned, Blockbuster Online would have 10 million subscribers today, and we'd be rivaling Netflix for the leadership position in the internet downloading business" (Womersley, 2026). Those internal disagreements and shifting priorities ultimately prevented the strategy from being fully implemented. (Resistance: High)

What Strategy Was Chosen and Why It Failed

Blockbuster pursued incremental internal adjustments instead of a bold response. They chose to compete with Netflix but without the speed or commitment required. They never built an autonomous unit to explore disruptive models without resistance constraints, nor did it seek deep external collaboration. The company's ambidextrous efforts lacked strong alignment and were hampered by internal politics.

Outcome and Lessons

Blockbuster filed for bankruptcy in 2010 and Netflix became a leader in content streaming. Blockbuster's failure highlights the risk of mismatching strategy to context. When urgency is high and internal resistance is strong, companies may need to look beyond internal efforts and act decisively (seeking external partnerships). High urgency requires fast and bold action and slow response can close the window of opportunity. Even when capabilities exist, internal resistance can block transformation.

Case II. Adobe's Shift to the Cloud and Subscription Model (Creative Cloud) (McKinsey & Company, 2015; Wired, 2012)

Adobe Inc. is US software company founded in 1982 and is known for media products such as Photoshop, Illustrator, Premiere Pro and Acrobat. Adobe originally sold perpetual licenses of its products in boxed form. In the early 2010s, Adobe switched from selling boxed software to a cloud-based subscription model (Adobe Creative Cloud). This change reflected major shifts in customer expectations. Adobe was a successful example aligning urgency, capability and resistance to its strategic response.

The Disruption

The software industry was rapidly substituting one-time license sales with cloud-based, subscription models. Consumers expected always-updated software, easier collaboration, and lower upfront costs. Their product updates were every 18 or 24 months, but their customers' content-creation requirements were changing much faster than that. In addition, piracy of boxed products was widespread which was hurting its revenue. The number of units they sold under the old perpetual-licensing model was about three million units a year, and growth was flat. As Adobe's CFO explained, "our creative business wasn't really growing… it remained flat for a long time," highlighting stagnation under the traditional licensing model. The CFO further noted that "our customers' content-creation requirements were changing much faster" than Adobe's update cycle, reinforcing the urgency to adapt (McKinsey & Company, 2015).

Adobe's Strategic Context Using the Framework

Adobe's leadership recognized that the shift to the cloud was accelerating and that sticking to high upfront cost perpetual licenses would hurt future competitiveness. These concerns were reinforced by leadership's acknowledgment of stagnation in the existing model, as described by Adobe's CFO. (Urgency: Moderate to High)

Adobe had a high customer satisfaction, strong engineering capacity, and the financial resources which could be allocated to new growth areas. It was in a good position to rearchitect its software platform and build cloud-based infrastructure. (Capability: High)

Adobe faced moderate internal resistance during its shift to a subscription model. Leadership teams across departments spent months debating the risks. Concerns ranged from revenue drops and stock price declines to how customers and investors would react. Many initially opposed the idea. As Adobe's CFO acknowledged, "a lot of people didn't buy into the idea at the beginning," reflecting internal skepticism toward the transition. However, by running detailed financial models and engaging in extensive dialogue, they gradually built confidence in the strategy. The CFO further explained that leadership addressed this resistance by "spending many hours… modeling this out," using data-driven analysis to align stakeholders

and reduce uncertainty. This process of open, data-driven discussion helped reduce internal pushback and align the organization around the change. (Resistance: Low to Moderate)

What Strategy Did Adobe Use?

Adobe pursued a structural ambidexterity strategy. It created a parallel business model (Creative Cloud) while maintaining support for the old one temporarily. Teams worked in parallel to reengineer products for cloud use while building out the platform and pricing structure. Adobe didn't spin off a separate unit, it used internal teams but created the organizational space and leadership alignment to manage both models at once.

Why It Worked

The change was phased, not abrupt, Adobe transitioned over 2–3 years. Their leadership conducted market tests with subscription offerings and executed a step-by-step transition plan. They invested in cloud infrastructure, adopted agile development practices, and applied cross-functional teams (across engineering, marketing and IT).

The company communicated clearly with customers and emphasized value. Leadership consistently supported the vision. Adobe's leaders prepared investors for their transition to a subscription model by clearly communicating its strategy, financial expectations and new performance metrics. Adobe's stock price dropped initially, but they maintained investor confidence through transparency and outlining expected future steps. Investor focus shifted to long-term growth.

Outcome

By 2015, Creative Cloud revenue passed Adobe's boxed sales. Recurring revenue stabilized earnings and created more predictable cash flow. Adobe's market cap skyrocketed. The shift is now considered one of the most successful software business model transformations.

Adobe read the signals early, matched its strong internal capability to an ambidextrous structure, and managed internal resistance proactively. The right strategy, aligned with urgency, capability and resistance, can turn disruption into an opportunity for reinvention.

Cross-Case analysis: interpreting disruption responses

To further assess the explanatory power of the proposed framework, we directly compare the two previously analyzed cases, Blockbuster (retail-based media) and Adobe (digital software), Table 3. These two firms differ in how urgency, capability and resistance were configured and managed. Blockbuster underestimated the urgency of disruption, did not effectively mobilize its existing capabilities, and faced strong internal resistance rooted in its

Table 3. Cross-case comparison of disruption responses: Blockbuster vs Adobe

Dimension	Blockbuster	Adobe
Urgency recognition	Underestimated disruption	Recognized industry shift early
Capability	Resources available but poorly mobilized	Strong capabilities mobilized
Resistance	High internal resistance	Moderate resistance managed
Strategy proposed by framework	External cooperation	Ambidexterity
Strategy used	Incremental response	Ambidexterity
Outcome	Failure	Successful transformation

legacy business model. In contrast, Adobe recognized the urgency of industry change, actively leveraged its technical and financial capabilities, and managed internal resistance through leadership alignment and data-driven decision-making.

Based on the proposed framework, these configurations imply different strategic responses. In the Blockbuster case, high urgency combined with strong resistance would predict the need for more decisive external responses, such as partnerships or acquisitions. However, the firm relied primarily on incremental internal adjustments. In contrast, Adobe's combination of high capability and manageable resistance under recognized urgency predicts an ambidextrous strategy, which closely aligns with the company's actual approach of transitioning to a cloud-based subscription model while maintaining its existing business during the shift. This comparison demonstrates that the alignment between urgency, capability and resistance should affect the strategic response of firms which supports the usefulness of our framework as a guide for managerial decision-making in the face of disruption.

Discussion

Managers often need to make strategic decisions while disruption is still unfolding and when the most appropriate response may not yet be clear. Building on the literature on disruptive innovations, this paper proposes a practical framework that helps managers evaluate alternative strategic responses when facing disruption.

The literature on disruptive innovations has previously provided valuable insights about how disruptive innovations can challenge incumbents and also has identified different responses that incumbents can take when they face disruptions including ambidextrous structures, autonomous innovation units and external collaboration. However, these studies often focus on individual mechanisms rather than decision processes. For example, the ambidexterity literature emphasizes how firms balance exploration and exploitation within organizational structures (O'Reilly & Tushman, 2021). Our framework aims to provide a decision-oriented framework help managers decide which strategy is best by integrating multiple response strategies and linking them to three contextual conditions: urgency, internal capability and resistance to change. We further illustrate the application of the proposed framework through two cases: one in which a firm responded successfully to disruption and another in which the response was not effective.

Our suggested framework connects to the research on digital ecosystems and technology-driven disruption. Industries are increasingly organized around digital platforms and networks of interconnected firms in which innovation and value creation happens both internally and across organizational boundaries (Adner & Lieberman, 2021; Kapoor & Klueter, 2015). In these environments when facing disruption, firms may not only need to implement changes internally, but also implement changes around their relationships with partners, platforms and other actors within the broader innovation ecosystem. The framework reflects this shift by incorporating both internal (autonomous units and ambidextrous structures) and external (alliances, partnerships or acquisitions) response mechanisms. By integrating these alternatives within a single framework, our study helps managers evaluate whether disruption should be addressed primarily through internal transformation, through collaboration with external actors, or hybrid of both.

In addition, our framework builds on insights from paradox theory and research on strategic agility. This theory suggests that when firms try to respond to disruption, they are challenged with maintaining efficiency in existing operations, while simultaneously pursuing innovation and experimentation. This theory suggests that these tensions are

persistent and firms need to manage them by adopting structures and processes that allow different priorities to coexist rather that eliminate them (Smith & Lewis, 2011). Our proposed framework aims to suggest appropriate structures and mechanisms for different contexts based on three decision criteria of urgency, capability and resistance. For example, autonomous units can help separate exploratory innovation from established routines when internal resistance to change is high, while ambidextrous structures allow firms to pursue exploration and exploitation simultaneously when capabilities and leadership support are strong. External collaboration provides another pathway when disruption requires capabilities that firms cannot develop quickly enough internally.

Conclusion

Disruption happens often across industries. For established firms, the real challenge is to choose a response to the disruption that fits their situation. As this paper has demonstrated, the right choice depends on how urgent the disruption is, whether the organization has the internal capabilities to respond internally, and how much resistance exists to change. When companies misjudge these factors, they risk selecting an approach that slows execution or blocks innovation altogether. Real-world cases show that success happens when the response of company to disruption matches the company's resources and constraints.

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