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**LIGHTS** - Innovation/Entrepreneurship

# Radical innovation as the destrategization of resources

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## **Abstract**

In the academic and managerial literature on innovation management, radical innovation has been examined through several frameworks, notably Abernathy and Clark's concept of transilience (1985), Christensen's theory of disruption (1997), and Kim and Mauborgne's blue ocean strategy (2005). However, an alternative approach to radical innovation can be proposed, based on the notion of the destrategization of resources, introduced in a previous ESCP Impact Paper (2024). From this perspective, an innovation can be considered radical when it abruptly reduces the strategic value of distinctive resources and capabilities, replacing them with others. The radical innovation thus lies in the ability to destrategize key assets, with all the implications this entails in terms of industry reconfiguration. This redefinition of radical innovation opens up valuable avenues for both research and practice in strategy and innovation management.

Keywords: innovation, disruption, resources, destrategization

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## **Radical innovation as the destrategization of resources**

Radical innovation is one of the core themes in research on innovation management and strategy. It is generally presented as a technological breakthrough, a transformation of markets, or a reconfiguration of competitive dynamics. From this perspective, emphasis is placed on the novelty of the solutions proposed or on their capacity to disrupt established positions.

However, this representation remains largely focused on the intrinsic characteristics of the innovation itself. It tends to underestimate a decisive mechanism: the way in which certain innovations become radical not only because they introduce something new, but also because they render obsolete the resources and capabilities that underpinned the advantage of incumbent competitors.

This article proposes revisiting the notion of radical innovation through the concept of destrategization of resources (Fréry, 2024). From this perspective, an innovation is radical when it abruptly reduces the strategic value of distinctive resources and capabilities by shifting the sources of value. What makes the innovation truly radical, therefore, is not the technology itself, but the transformation of the performance criteria that define competition.

### **The classical foundations of radical innovation**

The literature on radical innovation has been structured so far around three main analytical frameworks: Abernathy and Clark's transilience model, Christensen's disruption theory, and Kim and Mauborgne's blue ocean strategy.

Abernathy and Clark (1985) introduced the concept of transilience, which distinguishes innovations based on their impact on technologies and market linkages. Some innovations reinforce existing technologies, while others render them obsolete; some consolidate markets, while others redefine them. The most radical innovations are those that simultaneously transform both dimensions. The key contribution of this approach is to show that radicality — referred to as transilience in this model — does not depend solely on novelty, but on the capacity to transform the foundations of competition.

Christensen (1997) offered a complementary perspective with the concept of disruption. He highlights innovation trajectories that originate in fringe segments and gradually challenge dominant players. Incumbent firms are not necessarily incapable of responding; rather, they are often constrained by their business models, cost structures, and performance expectations. This model has deeply influenced how managers understand technological disruption.

Las but not least, Kim and Mauborgne (2005), through the blue ocean strategy framework, emphasize how value innovation — improving certain features, reducing others, creating new ones, and eliminating some relative to existing offerings — can open up uncontested market space, thereby avoiding direct competition with comparable offerings. Blue ocean strategy is a form of radical innovation, but from the standpoint of strategic innovation and value creation.

## **A renewed perspective: the destrategization of resources**

These three classical approaches converge on a key point: radical innovation entails transforming the bases of competition. However, they primarily focus on innovation trajectories and investment decisions. They explain why certain innovations emerge and why they are initially overlooked, but they shed less direct light on a nonetheless frequent situation: that of firms that understand the threat, possess the necessary resources to respond, yet hesitate to do so. They could imitate the innovator — but they refuse to.

The notion of destrategization of resources complements these frameworks by emphasizing the loss of strategic relevance of existing assets. An innovation becomes radical when it changes the criteria by which value is created and assessed, to the point that resources and capabilities that were previously central become secondary. The issue is not necessarily the destruction of these assets, but the removal of their competitive significance.

From this perspective, the radical nature of an innovation lies less in its technical sophistication than in its ability to redefine what underpins competitive advantage within an industry. A firm may retain its assets and capabilities while seeing their relative importance decline. This shift does not rely solely on visible innovations, but on deeper transformations in value logics.

## **Empirical illustrations**

Many cases of radical innovation can be interpreted through the lens of destrategization of resources. What they have in common is not merely the introduction of new technologies, but the displacement of value through the obsolescence of previously critical resources and capabilities.

The automotive industry provides a first illustration with the rise of electric vehicles. For more than a century, competitive advantage rested primarily on mastery of internal combustion engines, complex assembly chains, and specialized supplier networks. Electrification does not eliminate the need for all these capabilities, but it reduces their strategic centrality. The core of differentiation shifts toward batteries, software, and electronic integration. In this context, historically dominant players may be able to produce electric vehicles, but hesitate to scale when doing so would devalue substantial investments in combustion technologies and their associated ecosystems.

The transition from DVDs and traditional television to video streaming offers another example. For decades, the audiovisual industry was structured around physical distribution (DVD, Blu-ray) or broadcaster-controlled programming schedules. The rise of streaming shifted value toward instant access, personalization, and digital platforms. Physical distribution infrastructures and programming models lost importance. Again, incumbents could adopt these technologies, but doing so required cannibalizing existing revenue streams and redefining relationships with producers, advertisers, and consumers.

Generative artificial intelligence provides a more recent and particularly striking illustration of the destrategization of resources. In many sectors such as law, consulting, or accounting, value traditionally resided in human expertise, content production, and time-based billing models. Generative AI systems do not eradicate these capabilities, but they profoundly alter their strategic centrality. The production of text, images, or code becomes partially automatable, shifting value toward the ability to integrate, supervise, and orchestrate these

tools. Incumbents often have the means to adopt these technologies, but their large-scale diffusion raises fundamental questions about their business models, billing logics, incentive systems, and professional identity. Adopting AI entails a deep devaluation of the resources and capabilities, which have underpinned these firms' success for decades — and this is particularly difficult to accept.

Numerous other examples could be cited: the digital transition in photography, the abandonment of physical media in music, the shift from chemistry to genomics in pharmaceuticals, or the development of reusable rockets in aerospace. In each case, once-central resources rapidly lost their strategic relevance.

## **The mechanism of resource destrategization**

In all these cases, innovation does not immediately destroy existing resources — it alters their strategic relevance. Incumbent firms may continue to exploit their assets, but these no longer necessarily constitute the basis of competitive advantage. The difficulty lies not in access to technology, but in accepting the organizational and economic consequences of its adoption.

The mechanism of destrategization typically unfolds in three stages:

1. Introduction of a new value creation logic. This may involve cost reduction, improved access, simplification of the customer experience, or reconfiguration of the value chain. It alters the criteria according to which offerings are compared.
2. Loss of centrality of existing resources. Assets that previously structured competitive advantage continue to exist, but are no longer decisive in the new configuration. Their relative value declines, sometimes abruptly.
3. Emergence of organizational tension. Incumbent firms can often replicate the new offering from an operational standpoint. However, doing so would entail devaluing resources that structure their performance, renouncing a historically successful strategy, and abandoning part of their identity. The obstacle thus becomes internal: it lies in the organizational cost of adaptation. Adopting the new logic would constitute an unacceptable renunciation.

## **Strategic consequences**

Mobilizing the concept of destrategization within the context of radical innovation highlights the ambivalent nature of resources. As Leonard-Barton (1992) noted, they are both sources of advantage and potential sources of rigidity. The more central a resource is, the more costly it becomes to abandon it. It is embedded in cost structures, incentive systems, and collective representations. What constitutes an advantage at one point in time may become a constraint in another context.

Strategy, therefore, is not only about accumulating resources, but about anticipating their evolution. It becomes essential to identify which resources may lose relevance and to understand the conditions under which such a shift may occur.

In this respect, destrategization does not replace existing frameworks — it extends them. It enriches the resource-based view (Barney, 1991) by showing that resource value is contingent. It complements disruption theory (Christensen, 1997) by explaining incumbent hesitation. It nuances dynamic capabilities (Teece, 2007) by emphasizing that capabilities are inherently dynamic: they can gain or lose value depending on prevailing strategies. It

also enriches Abernathy and Clark's notion of transilience (1985) by linking it to resource theory. Finally, it helps explain why incumbents are reluctant to follow innovators who reveal a blue ocean (Kim and Mauborgne, 2005), and thus why a blue ocean can indeed remain blue.

## **Conclusion and managerial implications**

Reframing radical innovation through the lens of destrategization of resources provides a deeper understanding of industry transformations. From this perspective, the strategic challenge is no longer only to build advantages, but to recognize when those advantages become constraints.

Radical innovation thus appears less as a technological rupture than as a shift in the sources of value — and as a test of organizations' ability to accept that shift.

The challenge for incumbents is to recognize which of their core assets could become liabilities as innovation shifts the basis of competition. Conversely, for innovators, the goal is not merely to create something new, but to redefine value in ways that deprive rivals' most important resources of their strategic significance.

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