

innov8rs

The Innovator's Handbook

The Best & Latest in Corporate Innovation

2024

Sustainable *and* scalable innovation

Whilst innovation remains a top priority for every CEO, recently we have again witnessed that when markets are uncertain and costs need to be cut, “innovation” is also amongst the first to be impacted.

The last months have brought many challenges to tackle, and yet as many opportunities to explore. Never a dull moment in corporate innovation... so they say.

Looking forward, how can we as innovators contribute to our organization’s top and bottom line in sustainable and scalable ways?

You’ll find the answer to this fundamental question in this handbook, outlining the “what” and “how” for innovation management in 2024.

In the book, we’ve captured and summarized insights and takeaways from the 80+ online and in-person sessions we’ve hosted from September 2022 to August 2023.

Whilst reading, you may find validation that you’re on the right track. You may adjust your approach inspired by some of the stories. Other perspectives might spark a fundamental re-think of your approach.

In any case, you will realize that other innovators are often facing similar challenges and fighting similar battles.

That’s why everything we do at Innov8rs is driven by our belief that in order to be successful, it’s crucial for any innovation professional to learn from and collaborate with other corporate innovators from other companies and industries.

Regardless of where you are today, that one “a-ha” moment following a new insight, honest feedback or an in-depth conversation can make all the difference tomorrow. So, I invite you to leverage the power of peers by joining our community, conferences and programs in 2024. As our members would be able to confirm– you *will* get to your goals *faster, together*.

For now, enjoy reading the handbook. If you like to dive deeper into all the different frameworks, methods, case studies, stories and examples as captured in the handbook, upgrade to get your Digital Companion here.



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Business-as-usual won't cut it

We're done with the pandemic! Or are we?

Despite some semblance of normalcy, economic uncertainty is as high as ever.

Interest rates are going up and once reliable macroeconomic indicators have been stubbornly refusing to predict what will happen next. Will we have a recession? Will we have a soft-landing? Will we have an unexpected boom? Can startups get funded?

When the situation is volatile, our instinct is to hoard our cash and bury the gold in the backyard. But this is the time when savvy investors are making big moves and smart corporations are buying up innovative startups cheaply while they can't get VC funding.

Innovation teams who are just twiddling their thumbs waiting for our new AI overlords to get smart enough to tell us what to do will be defunded.

With risk, there is opportunity, and companies who can afford to invest will reap the rewards.

Innovation teams can use this time to pursue big ideas with little cash if they can focus their resources on a clear roadmap which is aligned with the corporate strategy.

If your company has no strategy, time to take the reins and create one yourself.

Look for the trends, look for the gaps in your corporate silos. Where the trends intersect with an organizational blindspot - there is an opportunity for your innovation team to prove their worth and justify their budget.

We know what the trends are: decentralization, robotics, AI, climate change, socioeconomic upheaval, migration and more. Use that foresight in combination with an understanding of your organization's resources and structure to find the blindspots that are vulnerable to those trends.

Business-as-usual won't cut it. Innovation teams that can't roll up their sleeves, get involved in the strategic discussion, and propose a clear path forward will find their budgets slashed and their mandate ultimately handed over to the learning and development team.

Go innovate!



Tristan Kromer
Kromatic

If you have innovation in your title, this is your tribe

Leading and doing innovation in large organizations can feel like being on an island.

From implementing incremental improvements for existing products and services, to launching new business models and building disruptive ventures, the innovation function in large organizations is responsible for creating new value, resulting in top and/or bottom line growth.

That's easier said than done. Innovation sounds sexy and glamorous, but as we all know- in reality, it isn't. On top of our actual innovation work, which is more than a full-time job already, we have to closely align with business stakeholders and invest a lot of time in trying to change 'how things are done'.

You don't need to go alone. Innov8rs offers you a community of peers to learn from and collaborate with.

A space to safely discuss crucial moves and critical decisions with others, facing similar challenges and chasing similar goals.

You'll learn new methods, frameworks and tools. You'll understand what other companies are doing. You'll collaborate with others to solve the many strategic and tactical challenges.

Innov8rs is where you keep up with what's working now and what's coming next, in order to make it happen in your organization.

Our purpose is to advance the field of corporate innovation, to deliver upon the promise of innovation for a better future, for our organizations and the world at large.

We've been bringing innovators together since 2011. We've hosted 30+ in-person conferences in 30+ cities around the world, from Singapore to San Francisco and Sydney to Stockholm. And since 2017, we're facilitating peer learning and collaboration sessions online, as part of our community membership and programs.

Let's look at the different ways you can engage.

Innov8rs Community

The Innov8rs Community membership is the best learning resource for any corporate innovation professional to learn new approaches, solve challenges and improve outcomes.

There are several ways for you to tap into the experience and expertise of other corporate innovators:

- Join mastermind groups called “Peer Pods” with others in a similar role, with the same interests, in the same industry and based out of the same region, for targeted and relevant conversations and connections
- Get feedback to address your key challenge in a “Challenge Call” or co-work shared challenges in the “Action Accelerator”.
- Participate in all topical deep dive workshops called “Learning Labs” to upgrade your skill-, tool- and mindset and increase your impact
- Access 800+ hours of content and other resources on-demand, and also discuss topics and connect with other members via our online platform.

Membership is by application only. For more info and to apply, go to innov8rs.co/community.

Innov8rs CoLabs

Innov8rs CoLabs are working groups of innovation leaders of non-competing organizations, addressing their company's main innovation challenge(s).

Depending on the nature of the challenge, the support they get typically includes collaborative learning sessions, selected peer benchmarking conversations as well as light advising and coaching from expert members.

Think of Innov8rs CoLabs as your personal advisory board, offering you the real, honest and candid feedback you need to succeed. You'll leave every meeting with more clarity and confidence to lead innovation in your organization.

Innov8rs CoLabs are designed for specific roles, industries and topics. We are currently running a CoLab cohort for senior innovation leaders (Chief Innovation Officers/VPs) in North America, and a cohort focusing on AI

for Innovation Management is starting early 2024.

Participation is by application only. For more info and to apply, go to innov8rs.co/colabs.

Innov8rs Conferences

Our conferences are designed for diversity, action and collaboration, welcoming a curated group of ~200 innovation professionals to work on actual challenges.

You will

- have in-depth conversations with a select group of other innovation leaders and do-ers who speak the same language
- establish relevant connections that you actually want to follow up with after the conference
- get a full download of best and next practices in just 2 days so you leave with actionable insights to implement once back in the office.

If you can only join ONE conference next year, make sure it's Innov8rs. We'll be in LA/SoCal on 10-11 April 2024, and in Milan, Italy on 13-14 June 2024.

Participation by application only, with individual and team passes available.

K8, your Innov8rs Companion

We're starting to use AI tools in our innovation processes... why not leverage one for personal productivity?

The next time you are asking yourself questions like... *What are leading companies in our industry doing when it comes to open innovation? What should we take into account setting up a governance board? How do we better align with stakeholders to get their continued support? What to look for when hiring for our new venture?*

For these and any other questions that may pop up, simply ask K8, your Innov8rs Companion. Learning from the 800+ hours of content on our platform plus several curated other sources of high-quality content, K8 (pronounced “Kate”) will be available anytime to assist you in your day to day.

For more info, go to innov8rs.co/k8.

Trusted by brands. Loved by peers.

You'll be in great company. Our members and participants are in roles like:

- Chief Innovation Officer, VP of Innovation
- Head of Innovation, Innovation Program Director, Innovation Lab/Centre Director
- Venture Lead/Innovation Team Lead
- Individual Intrapreneur, Innovation Team Member/Contributor
- Leader/professional in Strategy, IT/Digital, R&D/Product, Marketing, HR/Change/Transformation

working for brands like:



“This is my tribe of lifelong learners and do-ers. Innov8rs is the only place where corporate innovators and intrapreneurs get vulnerable and real about the challenges facing disruptors today and work together on creating breakthrough opportunities.”

“I am blown away with learnings, reflections and new insights. Such an amazing crowd with a true sharing mentality. I have gathered so many cases for best practice on how to run innovation, how to measure it, etc. Further, people are really down to earth, pragmatic and no-bullshit kind of people that are creating real impact in the companies they work for.”

“I’m amazed with the profile of the other people here. Everyone has relevant experience and is open to sharing and helping. I’ve been part of other groups but none match yours in terms of connections and networking. Truly remarkable”

“Thank you! The feedback I got made me realize we were on the wrong course. This 1 hour discussion saved me months of wasted time (and a few hundred thousands in budget too!)”

“Wow, the content is so rich. This is like an MBA in innovation management!”

Curious to know more?

Keen to learn new approaches, solve challenges and improve outcomes?

Let’s discuss how we can support you and your team in 2024.

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Dive deeper with the The Innovator's Handbook Digital Companion

If you like to go beyond just reading the book and to dive deeper into all the different frameworks, methods, case studies, stories and examples as captured in the handbook, upgrade to get the Digital Companion.

With the Digital Companion you'll get access to an online version of the handbook, which includes more than 80+ videos – all recordings and snippets from the sessions and conversations summarized in the book. From this ebook, you can easily check related content via the QR-code and link per article

This companion is like an MBA in innovation management, as we'll cover everything from strategy to governance to business design to venture building to scaling to open innovation to innovation culture and teams.

Get most out of The Innovator's Handbook with the Digital Companion, for yourself or your team.

Click here or scan the QR-code to purchase the Digital Companion.



Leadership, Strategy & Organization

Open Strategy: Mastering Disruption From Outside The C-Suite



Christian Stadler

Professor of Strategic Management at Warwick Business School and bestselling author

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Making strategy behind closed doors is a prescription for failure when disruptions are coming from all directions.

Formulating and executing a sound organizational strategy is complex. Strategy is often made by elite teams and can thus be limited by their biases about competitors, customer needs, and market forces. And it can be an uphill battle convincing stakeholders across the organization to channel money, time, and energy in a new and unproven direction.

The alternative approach to strategy formulation and execution challenges may sound radical: the strategy process must be opened up. By adopting an open strategy, leadership teams can access diverse external knowledge sources and become aware of their biases, while also building buy-in to accelerate execution.

The question then arises, how can corporates open up the strategy-making process without losing control?

Open Strategy: The Starting Point

During the 80's and 90's, Borneo experienced the largest amount of illegal logging in the world, with more wood coming from that region than from all of Africa and the Amazon combined. Dr. Kinari Webb, an American physician and environmentalist, traveled to Borneo during this period and quickly realized that the local people

relied on cutting down trees to meet their needs. In response, she founded an NGO to stop logging.

Many NGOs set up in the West believe they have a one-size-fits-all solution to problems and often introduce these solutions without considering the local context. However, Dr. Webb took a different approach. She engaged in a process called "Radical Listening" by talking to about 400 people in the area and asking a simple question: what would it take for you, as the guardians of the rainforest, to protect it?

Through this process, Dr. Webb learned that the local people needed a solution to their medical problems. They engaged in illegal logging and other environmentally damaging activities to pay for medicines and medical procedures. In response, Dr. Webb founded "Health in Harmony", an NGO that provides affordable healthcare to the communities in exchange for their commitment to protecting the rainforest. This program has successfully reduced deforestation and improved health outcomes for the communities involved.

The lesson learned from Dr. Kinari Webb's experience is that engaging with those responsible for implementing a plan is crucial to its success. This principle can be applied to the corporate world as well. Unfortunately, in many organizations, important decisions

are made by a small group of executives at the top. This approach to strategy-making can lead to two major problems:

- Firstly, the ideas generated this way may not be innovative or inspiring. When the same people work together day in and day out, they're more likely to think alike.
- Secondly, even if a well-developed strategy is formulated, it may fail during implementation because those responsible for execution are not prepared or invested in its success.

The good news is that you can overcome these problems by involving people in the strategy-making process. Similar to Dr. Webb's approach in Borneo, organizations can benefit from finding ways to involve a larger group of people and give them a voice. By doing so, diverse perspectives and fresh ideas can be explored. Additionally, involving those who will execute the strategy from the beginning can bridge the gap between development and execution, ultimately leading to more effective implementation.

“When people are involved in the strategy-making process, they can better understand what the strategy means for them. It also provides the opportunity for cross-functional discussions, preventing employees from feeling that decisions are being imposed upon them. And that’s a massive advantage for the overall success of the business”.

Are You Ready To Open Up Your Strategy?

To unleash and harness the power of open strategy within your organization, as a leader, you must be prepared for it. If you're considering open strategy but aren't sure if you're ready to implement it, here are four questions to ask yourself to gauge your readiness:

1. Is Your Style More Like Miles Davis or Johann Sebastian Bach?

If we were to compare Miles Davis and Johann Sebastian Bach in a corporate context, we could say that the main difference between them lies in their approach to creativity and innovation.

Miles Davis was known for his innovative and experimental approach to jazz music. As he explored new sounds and techniques, he constantly pushed the boundaries of the genre. In a corporate context, this could be seen as an entrepreneurial mindset, always seeking out new opportunities and taking calculated risks to stay ahead of the competition. If you're more like Miles Davis, you're used to improvising, shifting, and adapting to what happens.

On the other hand, Johann Sebastian Bach was a master of classical composition who adhered to strict rules and conventions. He didn't often stray from established musical forms but instead found ways to innovate within them. This approach can be compared to a more conservative, structured method in the corporate world, where adherence to established best practices is valued to optimize existing processes. And so, if you're more like Bach, you're more comfortable in a structured world that can be planned and neatly organized.

Miles Davis' innovative and risk-taking approach contrasts with Johann Sebastian Bach's structured and conservative approach. Those who lean towards a Miles Davis mindset are more likely to adopt an open approach to innovation. In contrast, those who lean towards a Johann Sebastian Bach mindset may prefer a more structured and rule-bound approach.

2. Are You a Prince of Serendip?

Opening up the strategy also means being open to unexpected opportunities and discoveries. This requires adopting a “Prince of Serendip” mindset, which involves being receptive to new ideas and experiences and recognizing the potential for innovation in surprising places.

In “The Three Princes of Serendip”, a thousand-year-old Persian fairy tale, the main characters make fortunate and unforeseen discoveries by chance or accident. Translated into a business context, a “prince of Serendip” can identify and capitalize on unpredictable discoveries, whether they result from chance encounters, experiments, or exploration.

Leaders who embrace this mindset are more likely to identify fresh opportunities and stay ahead of the competition. Adopting an open strategy-making process entails being open to unanticipated possibilities, as fixed and rigid ideas can hinder progress. Only by embracing unexpected opportunities can the power of open strategy be unleashed.

3. What Do You Think of Pirates?

The NASA Pirates are an excellent example of how allowing employees to do slightly unconventional things can lead to better results. The NASA Pirates – a group officially disbanded in 2002 whose effects still reverberate – were a group of engineers who challenged the traditional practices at NASA. They introduced new, unconventional, and unusual ideas that improved NASA’s processes and technologies. This story holds important lessons for today’s organizations.

The “pirates” are individuals embedded in operations who understand looming challenges and have the expertise and

motivation to seek and create better solutions. Leaders should allow their “pirates” to take slightly unconventional actions that diverge from the usual practices to drive success. In turn, this will foster creativity and innovation. When employees are given the freedom to experiment and take risks, they’re more likely to come up with new and groundbreaking ideas that help the organization spot emerging problems and create radically new solutions, ultimately keeping ahead of the competition.

4. Can You Match Adele’s Talent (not as a Singer)?

Adele, the famous English singer and songwriter, is well-known not only for her voice but also for her recognition of the people behind the scenes who contribute to making her music and shows outstanding. Adele works in an industry where, typically, the attention is catalyzed by the “star”, the person on the stage. And this is not uncommon in many corporates where the CEO seems to run the show themselves. However, you need to move away from this self-centric role to open up your strategy.

Business leaders should follow Adele’s lead in acknowledging the work and value of all their employees. This approach can create a positive work environment, foster teamwork and collaboration, improve employee morale and job satisfaction, and build trust and loyalty. In fact, when employees feel valued, they’re more engaged and motivated, resulting in better performance, higher productivity, lower turnover rates, and improved retention of top talent.

Once you answer the four questions that define how ready you are to open your strategy, the next step is to determine how to open it up.

Opening Up The Strategy: The Nightmare Competitor Contest

The development of strategy can be broken down into three phases. A corporate may want to open up its strategy to determine its direction (idea generation phase), formulate the details of the strategy (formulation phase), or mobilize its staff around the strategy (execution phase).

The amount and type of data required for each phase may differ depending on the overall goals. However, sharing private information may hold corporations back from opening up their strategy.

Fortunately, tools such as workshops can help prevent the disclosure of this information. Workshops bring together a diverse but small group of people, which can prevent the leakage of sensitive information, as the scope of the participants is limited. Ideally, workshops should include both external participants who can offer fresh and different thinking and internal participants who are knowledgeable about how the business operates.

One such tool is the Nightmare Competitor Contest. This workshop-based tool can aid in opening up and improving the introduction and implementation of new ideas. It approaches disruption as a threat and aims to provide a solution to handle this threat. Setting it up is fairly simple and can help your corporate stress test its strategy and immediately identify potential threats. Follow these steps to get started:

- **Invite a diverse group of participants:** it's essential to create mixed groups with half outsiders and half insiders. As such, invite 50% of the participants from outside and 50% from inside representing different parts of your organization and create subgroups accordingly.
- **Set the goal:** the goal is to create a nightmare competitor. Encourage participants to think creatively and develop ideas that could potentially destroy your corporate, should they materialize.
- **Follow a structured process:** every subgroup is to present their idea and, after a round of voting, the subgroups with the most voted ideas are to develop detailed business models for a nightmare competitor. Repeat the presentation and voting process at the end.
- **Analyze the result:** by the end of the contest, you'll have a detailed picture of what these imaginary but potentially dangerous competitors could do. Use this information to stress test your current strategy and identify potential threats.
- **Take action:** with the insights gained from the Nightmare Competitor Contest, your organization can stay ahead of the competition and be better prepared for potential threats. And so, depending on the outcome, corporates can either start a new business initiative or use the results as a reflection point to refine their strategy.

From Innovation Theater To Growth Engine



Tendayi Viki
Associate Partner at Strategyer

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It's time to overcome innovation theater.

Research by the Boston Consulting Group shows that 75% of executives report that innovation is a top-three priority and driver of growth of their companies. Yet results in terms of growth from innovation rarely live up to expectations, despite an abundance of innovation activities. Furthermore, only 20% of companies are (or feel) ready to scale innovation because very few leaders are satisfied with the skills they have.

There's a clear gap between innovation aspirations and organizational capabilities. Here's an outline of the three pillars companies need to implement to bridge this gap and drive real innovation.

Three Pillars To Drive Innovation

Bridging the gap between innovation theater and real growth is all about having the following three pillars in place:

- **Portfolio of innovation projects:** first, companies need to focus on having a balanced portfolio of innovations. And rather than just working on optimizing their current business model, they should also work on sustaining and transformative innovations.
- **High-performance innovation programs:** every innovation program – e.g., accelerators, incubators, etc. – must create value.

- **Innovation Culture:** both innovation portfolio and programs need to be supported by a true innovation culture.

A diversified portfolio, strategically-integrated innovation programs, and a culture in which innovation has power and enables initiatives are key to making innovation success repeatable and scalable. However, to make this happen, you have to answer nine questions, three per pillar.

1. Portfolio

“Your innovation portfolio should be optimized to help your company grow for decades and not to become irrelevant efficiently”.

To understand if you are going in the right direction, answer these questions:

- Are your company's innovation efforts mostly focused on R&D and technology versus exploring new value propositions and business models?**

A lot of companies measure the quality of their innovation ecosystem by how much they invest in R&D. Yet it has been proved that there's no relationship at all between how much companies spend in R&D and the results they get. You have to figure out the business model too. In fact, we all know that you have to transform those technologies into a value proposition that customers care about and business models that are scalable and prosperous to succeed at innovation.

“It is possible to make stuff that people want and still lose money doing it. Innovation is not just about making products that will deliver value to customers. It is also about ensuring that we can deliver that value in a sustainable way”.

b. Does your company have a balanced portfolio of projects that cover efficiency, sustaining, and transformative innovation?

As a business leader, your journey towards real innovation actually starts with analyzing and shifting your innovation portfolio from being dominated by few large-scale bets on efficiency innovation projects and occasional sustaining innovations to a diversified portfolio with many bets – from efficiency to transformative growth innovation – that systematically produces winners.

c. What is the health of your innovation funnel or pipeline?

Leaders tend to ask their teams to make large bets. But here is another dose of cold reality: you have to make multiple little bets to pick a winning idea. In other words, you need an Innovation Funnel. And when you have a healthy innovation funnel that allows you to make many small bets, you can even start accepting and celebrating failure. You can't do that if, in your whole innovation pipeline, you've invested millions in a couple of ideas.

“There's no chance that an organization can celebrate an idea failing if they've invested too much money in it”.

2. Programs

You don't want your innovation programs to be mere innovation theater and produce many loosely connected or disconnected innovation activities, programs, and investments. Instead, you want them to

create strategically integrated and company-wide innovation activities, programs, and investments that are optimized to collaborate and produce innovation results.

To assess if your programs are producing tangible results or not (and to analyze and redesign your innovation programs accordingly), answer the following questions:

a. Do leaders (and teams) get excited about the wrong innovation programs?

Sometimes the goal is not to create value and innovation but just to be seen and considered as innovative. Other times, the innovation communication between the c-suite and the rest of the organization doesn't flow correctly. As a result, people are told they are part of an innovative company, but they don't understand the purpose of innovation itself.

b. What results are your innovation programs producing?

As mentioned, if you have innovation programs in place, you want them to produce results. And there are two main tangible results innovation programs should drive: value creation (the economic aspect) and cultural change. If your programs aren't creating economic value and aren't transforming the culture by building the capability to innovate over and over, they aren't the right programs to have and invest in.

c. Are your company's innovation programs connected in a strategic way?

Your innovation programs should be strategically connected within the organization. And so, it doesn't make any sense to be interested in innovation if your people don't collaborate with each other, even worse if everybody wants to have their

own little fiefdom and have their own little glory. As a leader, you have to figure out what everyone is working on and understand how to integrate their activities strategically.

3. Culture

Innovation shouldn't lack status and legitimacy and face many blockers in your organizational culture. All you need is a culture in which innovation has power and influence and can enable initiatives. The questions to ask about culture are:

a. How much time do leaders spend on innovation?

Leadership support really matters. And if leaders don't spend time on innovation, it's hard to get things done. "I used to be a believer in the grassroots movement. But

eventually, the grassroots movement has to hit the mainstream and be supported by leaders to transform the organization", adds Tendayi.

b. Where does innovation live in your organization and how much power does it have?

Innovation should be a function inside organizations just like finance, marketing, and HR. Furthermore, chief innovation officers should be part of the C-suite.

c. What is your kill rate for innovation projects?

When driving an innovation process, it's important to be ready and willing to accept failure. Killing projects that don't create value is a wise choice.

Building your Innovation Factory



Tyler Anderson
CEO at Disruptive Edge

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Innovation inside many organizations has become a bottomless pit, a slush fund where cash is hurled at every new-fangled method in the hope something miraculously works.

With tech giants monopolizing the spotlight for high-profile innovation triumphs, other executives are left scratching their heads. What are they missing? The reality is, there is no direct answer. It's likely a mix of things.

Over the last ten years, a large percentage of innovation teams have been disbanded because they are not structured around the right factors. These organizations often do not have a clear strategy, precise incentives or direct KPIs, which contributes to their failure.

To gain executive support, organizations find growth focused initiatives tend to be prioritized over innovative initiatives, however, the two are closely linked if not synonymous for most businesses. Innovation, when done right, can be used to drive growth and increase revenue. This doesn't come without challenges, but once you find the right fit for your organization, innovation will always be linked to growth.

Having worked with some of the world's largest organizations, we've seen how

innovation can be successful and how it can fail. Some might view failure as an absolute detriment to their innovation goals, however, it's important to recognize the key learnings that come from these failures and how they are pivotal to success.

We worked with a large information management company and learnt about the key challenges they faced when launching innovative initiatives and setting up innovation teams internally. We're sharing some key lessons below.

Setting KPIs

The importance of setting specific KPIs to directly measure the impact and success of projects should not go unnoticed. Many organizations tend to set broad KPIs which can be used for a variety of projects, however, do not get to the root of impact. Setting KPIs that are unclear, too broad or too narrow, often leads to loss of significance in the measurement.

We've also analyzed how organizations will set KPIs based on other organizations in the industry, failing to recognize that each individual organization has a unique business model, with specific KPIs that should be catered to their business. While there are of course always overlapping metrics, it's necessary to establish variables specific to your business and project.

Process & Resourcing

Of course, without resourcing both through human capital and financial capital. Resourcing plays a large role in setting a repeatable process that can be used when jump starting new innovative initiatives. Organizations often struggle to secure a process that works for them.

Often without executive support and the human resources required to set up innovation functions internally, the process to launch these initiatives becomes completely different each time, making it challenging to create a regulated process.

Another one of our previous clients, a Fortune 500, had decided to establish a new innovation team. The intention was to create a team of innovators and trailblazers that could explore new business opportunities undisrupted, engage in the ecosystem and support other business units in adopting similar innovation methodologies.

While the team had done a great job of attracting top talent and building a culture of innovation, the team struggled to execute and hit the objectives they had set due to a few reasons.

Over Researching and Risk Aversion

The team's leadership strengths are their ability to attract top talent and build a culture of innovation. However, they made a mistake by spending too much time in the ideation and prototyping phase and didn't want to go beyond to proof of concept testing and business modeling.

This is a common mistake that teams make when they are first starting out with innovation. It is important to remember that innovation is a process, and it takes time to go from an idea to a successful product or service and it requires making bets.

Promising the World

Eager to prove themselves and with no similar initiative in the firm, the newly-established innovation team was keen to promise multiple products in market on tight deadlines. Every

employee can relate to being in a similar position, however, this is a trap that often causes innovation teams to fall for innovation theater or discredit innovation all together within the organization.

Understanding that both C-suite and VPs that you need to impress are also being assessed on the number of products released, new revenue generated – it often looks worse to have promised dedicated streams which struggle to move through the innovation process.

Socializing at the Right Level

The team was very well socialized with operational business units, to run tests they could rely on support from legal, logistics, in-store experience and more. However, while the junior staff were key in supporting operations there was a lack of bridge building and relationship management at the senior level with these specific business units which meant approvals, red tape and most importantly concept hand off or insights sharing was a major challenge.

Through key learnings and repeated failures, large organizations are able to successfully embed innovation throughout their organization and make it part of their brand.

Amazon prides itself on giving employees ownership over their innovative initiatives and leading these initiatives to marketable products. How exactly did Amazon foster such an entrepreneurial culture with a “fail-fast” philosophy? Through agile funding, risk-seeking, and internal challenges, Amazon has become a leader in innovation.

Unlike most large organizations, Amazon embodies a flexible work environment, and this extends to their financial resources. Through this, Amazon has the ability to fully invest in new projects as they come

up, without the hurdle of time and funding approval in the upcoming fiscal year. Risk-seeking allows Amazon to venture into new areas, and truly knock down walls in the spaces they operate in. As Jeff Bezos has said, “If you double the number of experiments you do per year, you’re going to double your inventiveness”.

For example, Amazon Web Services and cloud computing, which works to provide server storage technologies and more to customers. Venturing out of their usual services, Amazon was able to provide out of the box services to customers for their industry, and expand their target demographic. In line with risk-taking, Amazon hosts internal challenges and competitions, constantly prototyping and testing new ideas to bring innovative initiatives to fruition.

In order to face challenges head on and build an innovation system that will lead you to success, it is vital to consider the key parts of innovation, which we encompass in our innovation factory.

In our innovation factory, we have mapped out the five key categories of innovation. Think of the way you would build a factory ... you need to consider the foundation of the factory; your strategy, the build of the factory and who will govern the building plan; your structure; how the factory will be build; your process, what climate you are building the factory in; the culture and lastly, what you need to build the factory; your resources. These five categories come together to make your factory plan a reality, similar to how innovation will perspire in an organization.

How can you become one of the top innovative companies in the world? This is a question often asked by organizations striving to innovate in their field and grow in the face of disruption.

Leading organizations worldwide have key strategy and structural tactics in place which have led to their success. Developing these key components specific to your

organization, coupled with inspiration from global leading organizations, can result in building successful future-proofed roadmaps to growth.

Bringing The Business Along



Billy Meyers, Director, Technology Innovation at Panera Bread; **Danielle Ferry**, Managing Director, Head of Product Strategy (KYC) at Moody's Analytics; **Claus von Riegen**, VP, Head of Business Model Innovation at SAP; **Ellie Amirnasr**, Director of Digital Ventures at MANN+HUMMEL; **Rose Tighe**, Innovation Coach and Leader, Sky Labs at Sky

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Innovation teams often find themselves in a catch-22.

The business needs more evidence in order to provide support, and yet they need the business' support in order to deliver that evidence.

How to deal with this tension? How to get internal stakeholders to understand what's happening outside? In other words, what is the best way to bring the business along?

Different Structures, Yet The Same Need For Support

Panera has adopted a distributed approach to innovation. Here, different roles have 'innovation' in their job title, and the company is also very open to collaboration with others. From being an early adopter of Apple Pay in its stores to making voice ordering available through the Google Assistant, the company has been nimble and fast in making changes over the years.

On the other hand, Moody's new products are incubated in dedicated business units, completely ring-fenced from business as usual. In contrast, a centralized innovation group focuses on making the overall

innovation process more efficient and smoother across the company.

MANN+HUMMEL has adopted a slightly different approach. In fact, a few years ago, the company created i2M, or "Innovation to Market", an incubator for digital ventures. i2M operates as a separate legal entity, with simple processes and separate financing controls, so innovators can test ideas, fail, and learn without affecting the core business.

These examples show that there are many different ways how companies are structuring their innovation functions. Regardless the structure, one factor can't be overlooked: support for innovation from the core business and its leadership- and this is true even within the most innovative companies. How to overcome this hurdle and ensure support?

How To Bring The Business Along?

Corporate innovators typically spend a lot of time aligning with leaders and convincing them that innovation is a valuable and rewarding investment. Next, we'll explore some best

practices that can help you bring the business along and develop leaders' confidence more quickly, increasing the chances of success of your innovation projects and/or ventures.

1. Know Your Company

First and foremost, Rose believes innovators need to deeply understand the nature of their company and design the innovation process accordingly. "Our projects have been successful because we know the challenges our company faces, the gotchas around the corner, how it behaves, what its culture is, and what triggers its immune system reaction. As such, our number one priority is to design innovation around these constraints", she says.

"The innovation process can't be the same in two different corporates. Understanding what you're dealing with and translating it into your process is essential".

Billy seconds Rose and adds that knowing a company comes from reaching out to different business leaders and asking simple questions, including (but not limited to):

- What are some of the challenges you're currently facing in your business area?
- Are there any ideas you've parked away or haven't been able to pursue? (Explain how the innovation team can help move some of those ideas forward).
- How would you define innovation?

Having them part of the innovation conversation and making them feel part of that process instead of apart from it is key to building supportive relationships. In the best-case scenario, they will become an actual extension of the innovation team. "When people feel ownership of an idea, they're more committed to helping implement it", concludes Billy.

2. Speak the Language of the Business

Knowing your company and speaking its language go hand in hand. And it all boils down to investment decisions: your project won't be funded if your core team isn't interested or if you can't demonstrate how it aligns with the business roadmap.

It's common for innovators to engage in conversations with leaders about innovation-first, unrelatable topics like the Metaverse. "Business leaders' eyes just glaze over in these cases", says Billy. Leadership attention and support are easy to lose. Therefore, according to Claus, structuring the conversation around what matters most to them or, to put it another way, around relevant problems is critical.

Identifying unmet needs is one way to come up with relevant problems. And the more you prove to leaders how vital these problems are for the company and how your solution will impact the metrics they care most about, the less likely they will be to ignore your project.

3. Plant "Innovation Seeds" Slowly

In Danielle's view, big corporations like Moody's tend to rest on their laurels. Since they're already doing well, it's difficult for them to understand why rocking the boat is so important. Yet there's so much happening out there in the startup ecosystem, and the world is constantly changing. As a matter of fact, if we don't disrupt ourselves, we'll be disrupted. Thus, she suggests planting the innovation seed, or the idea that if we don't do something, we're really at risk of disruption.

"You can't just keep doing what you've always done and expect your business to grow the way it has been growing so far".

Over time, this will foster a culture of innovation across the company. There's a bit of a learning curve, and you might need some extra support. Speakers from outside Moody's are often invited to the annual managing directors meeting or other flagship events to educate leaders about innovation and disruption. "When innovation takes hold, it can be very powerful, but you need to be patient", wraps up Danielle.

4. Adopt the Crawl-Walk-Run Approach and Start Small

Companies are rarely able to "leapfrog" when it comes to adopting innovation mindsets. A crawl-walk-run approach is much more realistic: if you want to succeed in innovation, you must take it slow and learn how to crawl and walk before you run. Inspired by Martin Luther King Jr.'s words – "if you can't fly, run, if you can't run, walk, if you can't walk, crawl, but whatever you do, you have to keep moving forward" – this approach has worked really well at Panera.

How do you put all this into practice? By starting small and framing any innovation project as an experiment. According to Billy and Danielle, it is more difficult to obtain support for a multimillion-dollar project than for a much smaller investment. Testing

out new ideas on a small scale in sandbox environments can be an extremely effective strategy to build leaders' confidence around innovation. Of course, this all depends on what the investment threshold is.

5. Teach Leaders how to Measure Innovation Success

Danielle and Ellie have no doubts: financial metrics can't be used to measure innovation success. Eventually, innovation will yield financial benefits, but it takes time. Thus, focusing on ROI and how much revenue you can generate in a few years will only set you up for failure.

"Let's help our leaders shift their focus from making money right away to developing repeatable, scalable, and profitable businesses in the long run".

At Moody's, they use activity-based metrics to measure innovation, including (but not limited to): number of discovery interviews, number of ideas considered, number of design testing sessions, number of design sprints completed, and number of early access clients. Again, innovators should teach and remind leaders how to measure the success of innovation.

How To Get Leadership Support For Innovation In Times Of Crises



Suzan Briganti, CEO at Swarm Vision;
Morten Benn, Partner at Nosco;
Greg Ratcliff, Chief Innovation Officer at Vertiv;
Louise Kyhl-Triolo, Principal at Heidrick & Struggles

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Crises stifle innovation.

Research by McKinsey and others shows that organizations that focus on innovation during crises outperform the market average. Moreover, they're likely to continue growing rapidly in the years to come.

However, recent financial pressures have caused many organizations to make suboptimal decisions from an innovation perspective. Frequently, they focus too much on survival and not enough on investing in the future.

Innovation is deemed too risky and is often replaced with projects that can deliver immediate results. Yet prioritizing long-term innovation is the key to surviving crises.

And so, how to keep innovation alive during crises? How to get leadership support for innovation?

Innovation Is Crucial In Crisis—Not Optional

Whenever a crisis occurs, uncertainty and instability are at their peak. Innovation usually helps deal with both uncertain and unstable situations. Unfortunately, innovation investments are likely to be cut in times of crisis, as they are seen as 'optional'. Nothing could be more wrong than this.

Organizations should double down on innovation in a downturn, despite the risk. While it might sound counterintuitive, prioritizing innovation in times of crisis is essential to surviving and unlocking further long-term growth opportunities. Downturns can easily alter your operating environment. Therefore, if you want to protect your competitive advantage and not fall behind your competitors, you can't help but adapt to that new environment. And innovation is usually necessary for this.

“Changing directions may not be a comfortable transition for all organizations; this is where you can outperform your competitors”.

How To Keep Innovating In Times Of Crises?

Each crisis has its own challenges and opportunities, and each calls for different decisions. As a result, there is no silver bullet solution for staying innovative in an economic downturn. Nevertheless, the following two best practices can help you stay innovative in tough times:

Focus on Customer Needs

Crises typically lead to defensive reactions. An organization in defensive mode reduces

operational costs, shrinks budgets, postpones investments in tools, training, and talent, and overshadows internal and external customer needs. Ultimately, this could decrease employees' morale, affecting their performance and ability to come up with innovative ideas or think outside the box. In turn, this will affect the ability of organizations to meet consumer expectations.

If you want to protect your competitive advantage and not fall behind your competitors, you have to turn today's ambiguity into tomorrow's opportunity. How? By playing offense and investing in innovation. To this end, consider your employees' needs first and ensure they have time to focus on innovation and can do so in a safe environment. Thus, focus on your customer needs: have they changed? What are their main pain points? What matters most to them? Accordingly, in the context of ongoing uncertainty, you can:

- Offer products that connect with your consumers' needs for simple and more affordable solutions.
- Provide game-changing solutions if their needs have completely changed. It may seem incredibly risky at first glance. In order to mitigate this risk, companies should embrace open innovation and seek out collaboration opportunities.

Kill the “Zombies”

Projects that fail to fulfill their promise and clog the innovation pipeline are known as zombies. In other words, innovation is sabotaged by zombie projects. And so, if these projects can't be saved and turned into something useful, make sure all the “zombies” draining your organization's innovation energy are cut as soon as possible from your innovation portfolio;

Analyze your portfolio based on simple, transparent, and predetermined criteria. These criteria should allow you to determine whether or not a project can meet a real market need; whether or not it can do so more efficiently than current and potential competitors; and, finally, whether the project will be able to meet overall financial goals.

Bring impartiality to the evaluation process by involving a third party from a different division or outside the company.

Learn from your mistakes and codify them. As for the third criterion, it's self-explanatory: conduct action-after reviews to preserve and share lessons learned.

Define success broadly (and communicate it widely). Whenever you innovate, your future success is uncertain. It's, therefore, a success when you learn that a concept is not viable.

Furthermore, it encourages future efforts if failures are widely broadcast- after all, innovation is more likely to occur at companies that take the risk to try.

How To Get Leadership Support For Innovation In Times Of Crises?

Leadership support for innovation is paramount, and it's even more so during crises. However, it's common for leaders to make decisions that may not look wise from an innovation standpoint.

Most leaders have a genuine interest in innovation. Nevertheless, they sometimes fail to deliver on their innovation promise. This happens when innovation is promised to contribute to growth but doesn't meet the market's needs; or when leaders present a declining top line in a growing market. In

short, sometimes leaders' aspirations for innovation don't match their execution.

The reason behind this gap is two-fold: on one side, the Chief Innovation Officer – who owns innovation skills and resources – doesn't always sit on the executive board. On the other side, leaders haven't been educated or acculturated to be innovators. Setting aspirations for innovation is crucial to the success of the business, but turning them into tangible actions is equally important. The goal is to create shared innovation targets and steps that everyone in the organization can relate to and aspire to.

For instance, setting an aspiration like “We will be the #1 player in the xx market with the most innovative and comprehensive portfolio in the industry!” is just a pointless, vague statement unless followed by a more concrete affirmation like “Innovation will deliver 15% top-line growth over the next three years (new business lines/new offerings) to fulfill our customers' needs”.

Easy to say, hard to do. Leaders might not know how to make aspirations more tangible nor have the needed skills to do so. A crisis could make all of this worse. Hence, how can you train your leaders to support innovation?

“Leaders don't have to become the best innovators. They just need to learn how to lead innovative teams. This will forever change how they see themselves and interact with others”.

It all comes down to working closely with leaders and involving them in the innovation process.

But first, make sure your innovation strategy is aligned with the business goals, as leadership support heavily depends on this. Each crisis requires different decisions. In making each decision, leaders keep strategic priorities in mind. Hence, to ensure that innovation is part of those strategic priorities, your strategy must be aligned with the organization's goals.

“Leading and inspiring others requires firsthand knowledge and appreciation of innovation”.

At this point, you can start building trust and intimacy. Involving one or more leaders in the innovation process itself is one way to accomplish this. In the role of innovation “sponsors”, leaders have the opportunity to get their hands dirty: they get real access to the project, to the innovation meetings, and contribute to the relevant decisions.

InnovationOps: The Next Evolution Of Innovation Management



Paul Heller
Chief Evangelist at Sopheon

As innovation leaders and teams we are tasked to enable our organizations to innovate at scale.

Essentially, that means driving innovation in predictable, reliable and efficient ways- doing

it again and again, rather than being a one-day fly.

Last year alone, over \$2.4 trillion was spent on R&D. Yet 90% of executives are unhappy with their innovation performance. One could say- that's a lot of money for a lot of unhappy executives.

On average 35% to 50% of innovations fail. Not in terms of failing fast during experimentation, but failing after launch in the market. It's that type of failure that really hurts. And it's that type of failure that gets us to ask ourselves - how can we do innovation better?

Shifting From Struggling to Success

If we look at organizations that are struggling with innovation, we typically see a disconnected, unreliable and inefficient spaghetti maze of different strategies and different units thinking they own different pieces of those strategies.

Those units aren't aligned nor working together to deliver upon the strategies, and there's limited governance of the processes from start to finish and hardly any suitable tools to manage those processes.

In fact, they often may use the same label of "innovation" for completely different initiatives- without a clear definition of innovation and what it means for the organization, it's fundamentally impossible to be successful. No wonder up to half of their innovation efforts fail.

Other organizations have found a way to control the chaos and complexity that innovation by nature represents, by operationalizing it and bringing together the people, the jobs they do and the processes the people use to guide their jobs, supported by a clear structure.

This synchronized system is called InnovationOps, which marks the next phase

of evolution of innovation management in large organizations- like DevOps that was coined in 2009, to operationalize software development. Most software professionals believe it allows them to produce higher quality deliverables, and most reported reduction in time to market for the software and services they developed.

InnovationOps is the combination of the cultural philosophies, practices, people's and tools, that increases the ability for an organization to innovate at scale.

The companies that already have embraced InnovationOps are reporting promising outcomes. Think 30% faster time to market, 75% increase in portfolio value, 20% in savings by process efficiencies and 50% reduction in new product failure rate.

For sure, the executives in those companies must be happier with that increased innovation performance.

The Jobs in Innovation Management

For starters, this does require a change in how we think about jobs. Innovation jobs are typically described as a mix of titles, functions and disciplines. You may find labels like ideation, project management, product development and resource allocation, but they don't describe what people actually need to do to drive innovation.

Instead, a holistic way to look at jobs in innovation management is to categorize them into Managing Governance, Managing Strategy and Managing Portfolio, with Discovery, Products and Projects/Resources under Portfolio.

Starting with Discovery, by default you will get out of that job both problems and opportunities to solve, and ways to solve

those. These may generate Products to manage, which will kick off a number of different Projects. These are all managed as Portfolios, and they filter back up to the Strategy and Governance.

If you start looking at innovation jobs this way, divorcing them from the specific functions in the organization and titles people may have, it becomes a lot clearer.

Of course, every company is fundamentally different. That's why these jobs are organization independent. Whether you have a product management organization, or brand managers are doing these jobs, when you approach it from the perspective of the innovation jobs, it doesn't matter. Jobs are adaptable to market and organizational dynamics. This also helps executives to diagnose how the organization is performing overall, and to spot and address gaps accordingly.

Critical Enablers For Success

Embracing InnovationOps as an operating model is not just a matter of putting structure in place and rethinking how we look at the jobs to be done in innovation management. Mike and Paul suggest there are several critical enablers for success.

Even if there is a separate unit or area for innovation within your organization, fostering interdisciplinary collaboration and cross-functional teams is necessary. The people doing your innovation jobs should have platforms to share knowledge and learnings.

This also helps to cultivate a culture of continuous learning, and the agility that comes with it. This way, you can embrace failure with the idea that sooner is better. As such you make sure that failure happens in the earliest possible stage, so that it doesn't cost you much.

Beyond these cultural components, you need the proper supporting infrastructure. The right tools will help the people executing the processes to do the jobs, so they can make better decisions. Moreover, they help provide the required openness and transparency to all stakeholders, including senior management.

Of course, the tools you use need to be configured to fit the unique processes and workflows that work for your organization. You need them to integrate with other systems of record within the company, also to get and feed relevant data to make decisions.

Without the right supporting tools, innovation at scale isn't even possible.

3 Practical Solutions to Common Innovation Challenges



Merle Kok, Marketing Manager at Agorize;
Yohann Melamed, CEO and Co-founder at Agorize

Each innovation journey is unique. Yet some challenges occur across departments, industries, and geographies. Here's how to deal with them.

The process of efficiently scouting, assessing, deploying, and managing innovation involves multiple phases and many stakeholders. It's essential for companies that want to last: 75% of organizations find that innovation plays a critical role in handling today's complex business landscape (Capgemini). A number that is even higher when it concerns sustainability objectives.

On the road to innovation success, corporate innovation leaders run into common challenges that slow them down. Often, they have difficulty getting access to innovative new ideas and they lack intra-company collaboration.

Thankfully, there are proven, practical solutions to overcome the challenges companies face today.

Challenge 1: Lack of Time

PepsiCo improved its go-to-market time from 24 to an unprecedented 9 months after rallying its entire workforce on a single platform to collect, assess, and select innovative product ideas.

One of the most common challenges to innovation success is a lack of time. A practical solution to tackle this problem is accelerating the innovation process by building an efficient funnel and measuring innovation outcomes in the process.

Efficient Time Management

Between starting an innovation program and deploying solutions lie a number of (time-intensive) steps. Reduce the project team's and other stakeholders' time spent on these steps by building one centralized innovation funnel leveraging the following opportunities for efficient time management:

1. **Pre-defined workflows and templates**
Designing and building programs should be the quickest step in your entire process. Opt for proven templates instead of building from scratch.
2. **Automation**
Moving large volumes of talent or ideas through a funnel can be efficiently managed with automation and AI. Program each step and let the bulk of the work be done for you. Automation can be done for filtering, labeling, and scoring talent and ideas.
3. **Analyze outcomes**
Data analysis informs you on how to spend your team's time. Create access to data analytics to optimize workflows and allocate resources in the right places.
4. **Centralization**
A patchwork of complicated spreadsheets, long email threads, and tools to manage innovation can be easily upgraded by centralizing the innovation management

process on a single platform. Provide the entire company with a one-stop shop for all their innovation management needs.

Challenge 2: Connecting to Innovative Talent

Innovation starts with connecting to the right people. While it can be challenging thanks to fierce, global competition, there's a way to get it done.

Organizing a Call for Ideas or Innovations has helped countless enterprise organizations connect to employees, students, and startups across the globe. Each of these groups forms a unique category of talent catering to a specific corporate innovation need.

A Call for Ideas or Innovations provides a concrete gateway to innovators. It leverages a framework of clear problem statements, criteria, and incentives to scout and activate innovative minds inside and outside organizations.

Reveal Hidden Talent: Employees

Nobody knows a company's processes and customers better than its employees. Give hidden talent inside your organization a voice to reveal new ways to create value and improve your customers' experiences.

Majorel needed to improve its processes to keep up with client expectations so they asked customer-facing agents for ideas using an idea box. As a result, they improved processing time by 50% and skills transfer time by 67%.

Build Your Future Talent Pool: Students

Today's students are tomorrow's workforce, customers, and solution providers. Engaging early talent in your company's innovation efforts will help cultivate a

large pool of qualified, innovation-forward talent and establish your brand in the next generation's minds.

Schneider Electric organized the Go Green student innovation competition to expand its talent pipeline. As a result, they attracted 25,000 students who submitted nearly 2,800 innovative ideas for the development of sustainable energy.

Build, Partner, Buy: Startups

The scale and speed at which innovation needs to take place require external parties to support in-house teams. Build a startup ecosystem around your company by organizing a startup program to scout technologies and identify solutions that can expand your organization's capabilities or help break into new markets.

Japan's NEC wanted to create new businesses so they called for startups to work with them in a global innovation challenge. As a result, they now collaborate with 4 startups from South Korea, Germany, the UK, and France.

Challenge 3: Siloed Working and Thinking

Innovation leaders call siloed working and thinking a key challenge to successful innovation (Harvard Business Review). It is probably as much of a common corporate occurrence as it is a hindrance to innovation. It blocks collaboration and slows innovation management processes down, ultimately leading to missed opportunities and a waste of resources.

Break down siloed working by equipping your entire ecosystem with effective collaboration tools. To maximize the value gained from your innovation management process, empower collaboration across these four layers of your operations.

1. Innovation project team

Get your full team onto a platform that helps them co-create and co-manage a Call for Innovations or innovation funnel, no matter the team size.

2. Company-wide stakeholders

Involve people beyond the innovation project team. Invite co-workers to take part as judges, mentors, and topic experts in your innovation management process for assessments of innovations. Increase the chance of successful implementation.

Open up the innovation database to other departments, to unlock the value of rediscovering and working with innovators beyond the original project scope.

3. Innovators and idea providers

Empower your innovator communities to work with peers beyond their own network to improve the feasibility of their ideas. Promote diverse innovator teams by allowing them to find each other and co-contribute solutions.

4. Ecosystem

Truly foster the power of co-creation by enabling communities in your ecosystem to cast votes and share feedback on ideas.

Collaborating at Scale

A prime example of successful collaboration is L'Oréal. To organize the student competition Brandstorm, they leveraged to coordinate project management and innovation assessment tasks by L'Oréal teams in 40+ countries and regions.

Three Birds, One Stone

Each innovation challenge we've addressed has a practical solution to overcome or avoid it. Lack of time? Speed up with the right software. Need innovative talent? Launch a Call for Ideas or Innovation. Working in silos? Simplify collaboration throughout your entire operation using one platform.

Ideally, you catch these three birds with one stone.

Thousands of companies have done it before. They've launched a Call for Innovations to work in collaboration with innovative talent, and then deployed solutions in record time. You can do it too. Find an innovation management platform connected to a community of innovators and you will no longer be held back by the most common challenges leaders face today.

The Evolving Role Of The Chief Innovation Officer



Elisa Farri, Vice President and Co-lead at Capgemini Invent's Management Lab;
Gabriele Rosani, Director of Content and Research at Capgemini Invent's Management Lab

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Innovation is evolving, and so is the role of the Chief Innovation Officer.

A few decades ago, innovation was just a matter of inventing new products. That is no longer the case in the 21st century. As sustainability and other trends are pushing companies to reshape their core, innovation today is a matter of reinventing what you do, how you operate, and how you run the business.

To stay competitive, the entire organization needs to become more innovative and innovation can't be delegated and/or relegated to the Chief Innovation Officer (CINO) alone. As a result, their role is evolving significantly.

The Broadening Scope Of Innovation

A quick look at the historical evolution of innovation will help better understand why the role of the Chief Innovation Officer (CINO) has been shifting over time.

In the late 20th century, innovation was still considered the sole responsibility of R&D. It was all about working on new technologies, products, and features. At that time, the CINO was a position virtually unheard of.

Things changed with the advent of the new century. In the early 2000s, having a good product alone was no longer enough to compete against emerging business models.

These changing market conditions showed how a more strategic approach to innovation was actually needed. At this point, the CINO role started to be better defined.

In the 2010s, digital-native companies began disrupting many sectors. To stay competitive, companies started to embrace platforms and ecosystems as part of their strategy and innovate with others. In 2015, the companies felt the need to realign their internal operating models.

In the 2020s, sustainability is increasingly becoming a priority, and innovation is considered a great way to address daunting environmental, social, and governance (ESG) challenges. Today, innovation cannot exist without sustainability, and vice versa.

Innovation broadening inside and outside companies has several implications. As a result, the innovation officer's role is also changing- it must evolve. How is it shifting? What's the impact of this evolution?

The 8-Roles Framework Spiderweb: How The CINO's Role Is Shifting

By analyzing how large established organizations organize themselves to reach their ambitious innovation goals, we developed a simple visualization tool - "The

8 Roles Spiderweb”. This tool helps map all the different roles CINO’s can play. Of course, the number and intensity of roles CINO’s have may vary from company to company. Yet comparing spiderwebs of different firms, it emerges that the roles typically played are essentially two:

- CINO as Innovation Owner: in the “owner” role, CINO’s typically set their own targets and manage the innovation funnel, from exploration to scale-up, with a dedicated budget and team.
- CINO as Innovation Facilitator: as “facilitators”, CINO’s build capabilities and advise on, facilitate, and accelerate initiatives within the broader organization. In this case, business units, lines, or functions maintain innovation ownership, and CINO’s’ part is to help them be more innovative.

As mentioned, different companies can be positioned differently on the spiderweb. But looking at how the average spiderweb has evolved over the last few years, we found evidence of a gradual shift in the coverage of the roles, even more so in the last decade. Today, greater focus is given to the roles leaning towards “facilitation” – such as supporting methods for innovation, helping and coaching projects, and developing capabilities in the wider organization – rather than “owning” them.

This shift is consistent with the evolutionary history of the role itself: the more innovation evolves and gets broader in terms of scope, the more functions are impacted by it, and the more the CINO’s role changes. The role is shifting from being the sole owner of innovation to being the catalyst of change. In other words, CINO’s today have to help other CXO’s

And this facilitator role is as critical as ever. All the other functions – from marketing to sales to finance – are not used to thinking and acting innovatively.

“In the last decades, CXO’s haven’t been reimagining the game; they’ve just kept it going. And so leaving their traditional comfort zones and navigating uncharted waters can be challenging”.

That said, it’s up to CINO’s to support other CXO’s (Chief Experience Officers) to innovate and reinvent themselves. And it all starts with facilitating, coaching, and creating the conditions and the capabilities for this to happen.

The whole organization will benefit from the role shifting. Since innovation is a shared task, appointing CINO’s as facilitators and enablers helps eliminate other CXO’s’ unproductive cognitive bias “innovation is someone else’s responsibility; it’s not my job”.

Is AI-Driven Innovation Outpacing Human Ingenuity?



Dr. Christian Mühlroth
CEO at ITONICS

There has been a growing gap in corporate innovation between what is needed to ensure continuous progress, growth, and competitiveness and what is actually possible, given the current capabilities of most companies.

This gap has proven to be fertile ground for debating the future of corporate innovation in general and the potential of AI-driven innovation specifically.

As with any emerging technology, there are many misconceptions about using AI for innovation and innovation management, ranging from overinflated expectations to underestimated potential. We're awash in studies and stories about Generative AI, in particular—how it's already risen to human-level creativity, rivaling MBA students in idea generation, and promising trillions of dollars in productivity gains.

Meanwhile, detractors argue that AI, with its logic-driven algorithms, lacks the flair and intuition inherent to human creativity. We're left with the pivotal question, the artificial elephant in the room: Is AI-driven innovation outpacing human ingenuity?

Why AI-driven Innovation?

Let's first discuss why we're talking about AI-driven innovation in the first place. Why is a shift in how companies innovate imperative, if not inevitable?

Here is what we know to be true:

- The pace of change and technology is accelerating. Rising economic uncertainty and market volatility are felt acutely by companies across industries and geographies. Without intervention or adaptation, 80% of existing business models are at risk.
- Companies are reacting to this heightened risk by ramping up investments in innovation. And yet, many do not see the tangible results they expect from this spending. Over the past five years, US companies have sunk \$1 trillion in innovation projects that led nowhere. A staggering 95% of new products and services fail.
- The reasons for these diminishing returns on innovation investments are often preventable internal obstacles like failing to spot and respond to meaningful signals of change, hitting creative roadblocks in ideation, and expending high-value resources—time, money, expertise—on low-value endeavors.

It is clear that the traditional ways of innovating, which have tended to rely

solely on collective creativity, are bound by inherent limitations. These conditions have created the perfect opportunity to shift to a radically more effective model of innovation. Essentially, we need a new way to innovate.

What is AI-driven innovation?

Enter: AI-driven innovation. A new model of innovation that leverages AI technologies to enhance and streamline traditional innovation practices, transforming the way companies protect and grow their market share.

The most revolutionary change that's occurring right now is that algorithms are better at doing the things we care about in nearly every domain of our lives—including innovation. And there's mounting evidence to support this claim:

- In my research on machine-learning-based approaches to continuous foresight, the benefits of AI in trend and technology monitoring are irrefutable. Innovation teams using our AI-based method for automated signal selection are significantly better at separating noise from news—45% of the signals identified were both novel and relevant.
- From ITONICS' experience running an ideation challenge with a multinational, multi-billion-dollar corporation, we saw that ideas generated by AI outperformed those submitted by humans. Despite the challenge being open to more than 10,000 innovators, two out of the three winning ideas were the products of Generative AI (GenAI).
- And we've seen time and time again the impact of connecting the dots across all innovation initiatives—across teams and from strategy through to execution—to ensure a balanced and aligned portfolio. Companies that streamline portfolio management with machine intelligence achieve massive cost and time savings.

Indeed, there are already many successful examples of AI-driven innovation. One of the most well-funded research areas in this regard is AI-enabled drug discovery. Bringing a new drug to market can take years with a price tag in the billions of dollars. But AI is creating unprecedented efficiencies at nearly every stage of the drug discovery process, from molecular simulations to forecasting drug effectiveness. With startups like Iktos Robotics already well on the way toward fully automated end-to-end drug discovery, the rest of the industry will soon follow.

Then there are the groundbreaking applications of GenAI, which are revolutionizing a host of creative fields. Based on patterns and knowledge learned from existing data, these AI models can autonomously generate original ideas, enhance product design processes, and inspire creative breakthroughs that push the boundaries of traditional methodologies. Nearly a third of top innovators are already deploying GenAI at scale in their innovation and R&D functions.

We are decisively entering a new era of augmented intelligence where a company's capacity for innovation is less about harnessing the "wisdom of the crowd" and more about strategically deploying AI to channel that wisdom, unlock new opportunities, and drive systematic growth.

The Future of Corporate Innovation

Here's what over a decade of working at the nexus of artificial intelligence and innovation has taught me: The truly game-changing potential of AI comes from it being successfully implemented and seamlessly integrated throughout the full innovation journey. AI is not a silver bullet or a mere standalone solution but a catalyst for magnifying human ingenuity, improving

decision-making processes, and delivering efficiency, speed, and scale.

The future of corporate innovation doesn't lie in choosing between human and machine; it's about harnessing the combined, synergistic power of both. I believe this new way of innovating is an inevitability, but as with the diffusion of any new technology, it will likely follow the adoption curve:

- **Laggards:** Carry on with innovation as usual, relying on collective creativity alone and the use of traditional, often fragmented methods.
- **Majority:** Apply readily available AI tools for isolated use cases at specific steps in the innovation process.
- **Innovators:** Embrace the transformative power of AI, seamlessly integrating human and machine capabilities throughout end-to-end innovation.

Really, there should be only one choice, operating in the field of innovation as we do: we must be innovators. And that means spearheading the transition toward AI-driven innovation by intertwining human ingenuity

with machine intelligence at the very frontier of capabilities.

With all of this in mind, the real question isn't if AI-driven innovation will outpace human ingenuity—by some accounts, it has already surpassed the average human. The real question is: how do we evolve alongside these advances?

The onus is on innovation professionals to embrace augmented intelligence, infusing it into the core of their innovation processes. And where we once were problem solvers, we must master the art of problem discovery. The required skills of tomorrow's innovators will no longer rely on unbound creativity but on asking provocative questions, emphasizing with customers, and providing a strategic vision of their preferred future.

Ultimately, I believe that the spark of innovation will still lie in human ingenuity, collaboration, and diverse perspectives. But igniting that spark will require an AI-powered engine capable of unlocking unprecedented levels of efficiency, precision, and adaptability in innovation, driving the sorts of breakthroughs that redefine industries and challenge the status quo.

Introducing The Shift Towards Autonomous Innovation



Philippe de Ridder
Founder and CEO at Board of Innovation

Innovation is undergoing a tectonic shift.

As AI advances, we find ourselves heading towards a new era — one where innovation is not just constant but autonomous.

From Design Thinking to Autonomous Innovation

In the 1990s, design thinking emerged, prioritizing empathy and iterative prototyping for user-centric solutions. By 2010, the Lean Startup methodology built upon these principles, emphasizing rapid experimentation and customer feedback to guide businesses towards sustainable business models. Both paradigms transformed innovation approaches worldwide. The emergence of Creative AI now marks a new, historic development in innovation.

Autonomous Innovation leverages artificial intelligence to supercharge the innovation process, making it faster, more efficient, and at times even self-directed. This is not just another technological upgrade—it's a paradigm shift.

What is Autonomous Innovation? The Definition of What's Next

Autonomous Innovation is not about integrating AI into an existing system but about reimagining the entire innovation cycle. It's about developing an always-on innovation engine that leverages AI to

constantly imagine, create, and launch new products and services, with exceptional quality, speed, and success rates that were previously unimaginable.

Imagine a scenario where your business' next big idea is generated while you're asleep. Or a world where products evolve on their own, drawing from real-time user feedback. That is Autonomous Innovation.

GenAI-generated Ideas Are Already Outperforming Human Ideas

AI has unique capabilities for synthesis, ideation, and modeling human behavior, and GenAI-generated ideas are already outperforming human ideas.

For instance, several studies show that when AI-generated ideas get rated by an independent human customer panel, they score higher in terms of perceived value as well as purchase intent.

In addition, LLMs have a unique capability to model customer personas and simulate human responses, which innovators can use across the whole innovation journey; from prioritizing initial concepts to (in) validating key assumptions. Fine-tuned AI-modeled consumers might even close the Say-Do gap at some point, becoming more accurate predictors of human behavior than humans themselves.

No Time to Waste

The first movers are already leveraging AI to create new products and services. From health-tech to consumer products, businesses are already leveraging AI to launch new products and services. Coca-Cola released their Y3000, a soda created between humans and AI that is meant to taste just like the year 3,000. ABInBev has created the world's first beer and full marketing campaign made with AI, naming it Beck's Autonomous. To create a product for GenZ, Unilever worked with specially designed AI to analyze 6,000 perfume ingredients with 3.5 million potential combinations. AI is also enabling the discovery of new drugs by autonomously ideating and testing potential new molecules for existing conditions.

Building Towards a New Innovation Engine

With the power of AI in innovation, we are building towards a new innovation engine; one where AI helps us generate a concept, validate it and provide customer insights, so humans can curate the ideas to inform an innovation investment decision.

And we're evolving towards Autonomous Innovation, where AI will generate the concept, validate it and make an informed decision - all at unprecedented speed and quality.

As an example, imagine a global fashion brand, where their Autonomous Innovation engine first gains customer insights through social listening. It then translates the insights into concepts and generates thousands of new fashion concepts. The engine goes on to validate the concepts in an online shop, and concludes with providing the decision on which concepts to kill, launch or scale based on the collected data. At each key step, we envision an element of human curation.

What the Future of Autonomous Innovation Will Bring

From governance to new products, Autonomous Innovation will help us overcome current, human constraints and open the door to boundless innovation.

Autonomous Innovation methodologies

Improving the speed, depth and breadth of innovation - resulting in increased investment confidence through hyper-validated concepts and adaptive outputs. Concepts are generated and rapidly assessed for desirability, feasibility, viability and market timing.

Autonomous go-to-market models

'Launching and learning' in the market in real-time with autonomous feedback loops - resulting in launches that stick. Companies are able to serve consumer needs before they can formulate them.

Autonomous Innovation governance

Better coordinated corporate innovation activities, relying less on manual data capture, more accurate data and better decision-making. New scientific breakthroughs are automatically translated to new product concepts for your consideration

Autonomous customized GPT models

Custom methodologies that rely on internal company or project data - creating a competitive advantage against startups.

Autonomous Innovations

New products, services and businesses that adapt and improve themselves to be more inclusive and better meet the needs of individual consumers. Products and services evolve along their lifecycle to always be in line with the latest customer needs.

Get Started With Autonomous Innovation

Autonomous Innovation isn't just another tech upgrade; it's a shift in the very way we execute innovation.

Those who pioneer in adopting this approach stand to gain a considerable competitive advantage.

On the road towards Autonomous Innovation, consider starting with:

- Shaping your strategy on how to leverage AI for innovation and product development

- Running demonstration projects to confirm and show the value of AI on a number of different innovation projects
- Building towards a proprietary Autonomous Innovation Engine that leverages custom data and models to outperform the market
- Developing and scaling up capabilities around this across people, process and tooling

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If you like to go beyond just reading the book and to dive deeper into all the different frameworks, methods, case studies, stories and examples as captured in the handbook, upgrade to get the Digital Companion.

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- Agent-based research
- Private Datasets
- Market sizing, Trends, Segmentation, Challenges
- Startups and VCs
- All Sources



Discovery AI

- Venture Discovery
- Venture Ranking
- Personas, Interview Simulation, Customer journeys
- Venture Recommendations
- White-space Analysis



Market Test AI

- Feature Breakdown
- Target Audiences
- Campaign Design
- Microsite Generation
- Multivariate Multigenerational testing



Talent Matching AI

- Talent at Scale for Any Venture
- 60,000 Experts to Be Interviewed or Hired
- Global Delivery Teams
- CEO Hiring

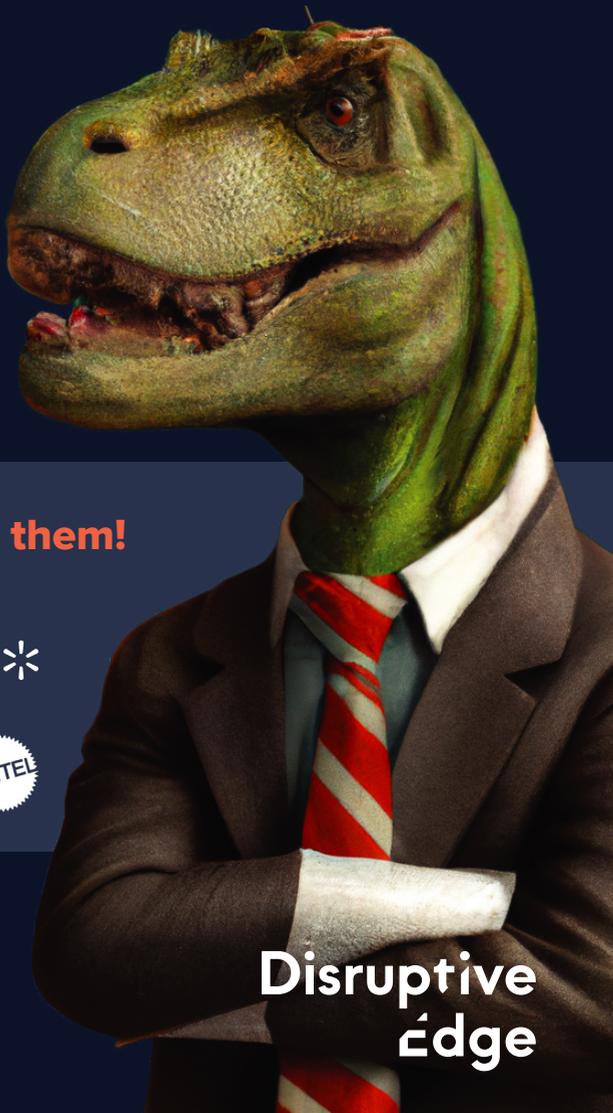
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Governance & Portfolio Management

Building a New Business Growth & Innovation Engine



Jim Bodio
Managing Partner at BRI

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Innovation can fail for a number of reasons.

Before we look at how to build a new business growth and innovation engine, let's get clear on what the main reasons for failure are, so that you have the opportunity to proactively address the underlying dynamics.

Three Reasons Why Innovation Efforts Fail

The first failure mechanism is a lack of clearly defined objectives and success metrics for innovation and growth. Without a clear understanding of where the organization wants to go and how much growth is needed, building a strategy becomes challenging.

The second is an ambiguous portfolio strategy or poor discipline in its application. A disciplined approach to portfolio management is crucial to identify and eliminate mediocre opportunities and make way for new ones.

The final key aspect is inappropriate governance, which is often observed when companies struggle to apply a different governance approach to new business growth opportunities compared to their core business.

The challenge lies in finding a balance between being agile and responsive to market changes while leveraging synergies with the core business effectively. Companies often make the mistake of trying to leverage these synergies too soon. It is important to have ambidextrous leadership that

recognizes the need for different governance and knows how to manage new business growth opportunities differently.

Now, let's look at ways to prevent these failures from happening. We assume and suggest that your growth and innovation strategy includes a "portfolio investment" approach, and that the portfolio focus includes disruptive innovation.

Key Elements of a Portfolio Strategy and Management

When considering portfolio strategy, there are three levels of strategy to keep in mind. Firstly, it's important to understand how portfolio strategy fits into the overall growth strategy of the organization. If it's not part of the corporate growth strategy, there may be challenges in aligning resources and the ambidextrous leadership you need.

Secondly, the portfolio strategy itself involves defining the target for growth, the diversity criteria and mix within the portfolio, the methodology for investing in opportunities, and the governance for managing the portfolio.

Finally, there are the specific opportunity strategy hypotheses within the portfolio. These strategies and opportunities within the portfolio need to be articulated and managed separately. Opportunities are hypotheses until proven and validated in the

market. Each opportunity strategy has unique requirements, and without a fully articulated strategy, it becomes difficult to evaluate them effectively. By considering these assumptions and levels of strategy, you can gain a better understanding of portfolio strategy and how to approach it.

Portfolio strategy is focused on managing risk, and there are two main approaches to achieve it. The first is through diversification, where you make multiple small investments rather than a few big risky ones. This keeps the risk of loss relatively low if you fail while giving you more options. The specific allocation of investment varies based on the nature of the business and the growth agenda. There is no singular pattern, as it depends on the unique circumstances and objectives of the organization.

The second approach is to de-risk opportunities by gradually scaling investments based on evidence and increasing confidence in the outcomes. To effectively implement these strategies, a disciplined methodology is crucial.

In order to do this, you have to leverage a disciplined innovation methodology. The foundation for any disciplined methodology is to define clear innovation objectives and measures aligned to company goals

Then, precisely define or refine your strategy hypothesis and key assumptions. Articulate the fundamentals of the strategy assumptions. As there may be many uncertain questions, you may define one element of the strategy rather than create a comprehensive strategy. In such cases, it's better to define multiple strategies that are self-consistent and complete so that you can compare and evaluate them.

Next, you identify which assumptions or uncertainties you need to validate or get

better data to reduce the uncertainty and risk. Define activities to validate the assumptions you're making in your strategy hypothesis and what data can you gather that helps you reduce the uncertainties and key assumptions. It should be a tight and iterative process of refining your strategy and assumptions.

In this stage you either have defined your strategy and validated it with evidence at enough level of rigor to move to the next stage and scale up the investment. Or you make a conscious decision to pivot and redefine your strategy hypothesis.

There is value to creating such a transparent process as it helps reinforce the discipline in the methodology that can be difficult to do. Now, let's understand how a portfolio strategy differs from a traditional roadmap.

Portfolio Strategy vs Traditional Roadmap

In a portfolio strategy, the focus is on intentionally creating a mix of opportunities, rather than simply executing individual opportunities as in a traditional roadmap. The portfolio approach acknowledges that outcomes are uncertain and non-deterministic. Therefore, the target profile of the business and its attributes should drive the composition of the portfolio mix. Many of the concepts explored in the portfolio may fail to meet the criteria and need to be discontinued. The emphasis should be on the overall progress and success of the portfolio as a whole, rather than any individual opportunity.

This approach requires investment discipline, efficiently aligning opportunities with investment levels and timeframes in each stage and removing failed concepts. Avoid making revenue commitments until the scaling stage of the business when critical

uncertainties are resolved, and the business model is proven in the market. By deferring revenue dependencies and focusing on the collective progress of the portfolio, you can better manage risk and make informed decisions on resource allocation and growth targets.

How Governance Reduces the Risk of Disruptive Innovation

Disruptive innovation involves exploring new markets, products, and business models that differ from the core business in terms of product nature, market segments, value chain position, or business models used. The farther you stray from the core, the more disruptive the opportunity and greater the risk of execution success.

If it is possible to achieve strategic growth objectives through incremental innovation in the core business, focus on that first. This approach has the lowest risk and the highest synergies with the core. However, typically, the goals for growth go beyond than what can be achieved through incremental innovation and the existing business. Then, it becomes necessary to explore disruptive opportunities. That's when the execution risk goes up and you can take special action to deal with it.

The biggest challenge you'll face is that the disruptive opportunities are misaligned with the resources, processes, and priorities of the core business. The more disruptive the innovation, the higher the risk of misalignment with the company's resources, processes, and priorities (RPPs).

Unmitigated RPP Alignment is The #1 Killer of Innovation

Resource, Process, and Priority (RPP) Systems are crucial aspects of a company's core business. Resources include budgets,

technology, people, and assets, while processes refer to the methodologies employed to achieve goals. Priorities represent the main focus of the core business model.

Challenges arise when decisions are primarily based on resources, which can be easily redirected and changed. Processes and priorities become deeply ingrained in a company's culture and are often implicit rather than explicitly stated. These elements are difficult to change and can hinder new business opportunities.

Misalignments, although seemingly small, can accumulate and negatively impact the organization. These obstacles are commonly referred to as "antibodies" that impede innovation and lead to frustration. They may cause delays or compromises, ultimately rendering the new business non-competitive, which is similar to the analogy of a slowly boiling frog. This phenomenon is the number one killer of innovation in mature organizations, and its impact is significant.

The Catch-22 (And The Solution)

The difference between sustaining the core business and exploring new business opportunities lies in the focus on optimization, predictability, and low risk in the former, and greater flexibility and adaptability in the latter. In managing a company's core business and exploring new opportunities, two distinct approaches are necessary. The core business requires optimization, predictability, and low risk while maximizing returns. Failure is not an option in this context. On the other hand, exploring new opportunities involves discovery and quick learning with minimal financial losses.

Ambidextrous leaders recognize these differences and manage the two types of activities differently. Ambidextrous

organizations establish tailored governance systems and interfaces to handle these operations separately. However, for mature companies, there is a catch-22 situation where creating value through new business innovation requires synergy with the core business, but executing significantly different ventures poses risks due to misalignments. To address this challenge, a custom governance structure and ambidextrous leadership are necessary.

Governance is the means to manage the balance of a new business' autonomy from and synergy with the core business RPPs. It consists of a charter and priorities (vision, purpose, goals, and execution priorities), oversight and decision-making (who makes decisions, budget and resource allocation and others), talent (requisite skills, incentives, performance measurement and more), and structural and operational practices and procedures.

Determine which one of these elements you can successfully leverage from the core business, which of those do you have to build uniquely, and which ones can you outsource or acquire. It will be different for every opportunity.

Framework for Appropriate Governance

When structuring governance, there are important factors to consider. Proximity to the core helps identify risk and alignment. Maturity of the opportunity is also crucial, whether it's in its early stages, proven in the market, or scaling. Different governance approaches exist and can be categorized based on maturity and adjacency.

For the core business, ideas may flow from R&D to new product development, and finally to operations. Adjacent or transformational opportunities may start in an incubator and evolve into a special business unit. As you start to scale that business, look for opportunities to leverage synergies with your core before it gets to the scale where it starts to change the definition of the core as it's big enough to be self-sustaining and integrates with the core.

Ultimately, governance balances efficiency and synergies of the core business with the autonomy and responsiveness of new opportunities. The goal is to create a framework that allows for semi-autonomous capabilities and appropriate management throughout the business lifecycle.

Timeline For Implementation

The timeline for implementing these aligned functions within an organization can vary based on the size of the organization, the support from senior leadership, and their engagement in the process. It also depends on the organization's culture and its understanding of exploratory capabilities versus optimization for the core. Companies with multiple business models find it easier to set up this process compared to those with a single business model.

Generally, it may take six months to a year, but smaller organizations may take less time. To start with, apply these methods to a single, low-risk opportunity as a demonstration of the process. Then gradually scale up the number of experiments to showcase the effectiveness of the approach.

Portfolio Management: Linking Strategy To Resources And Execution



Alasdair Trotter
Partner and Managing Director at Innosight

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It takes an innovation system to drive innovation performance.

Alongside clear innovation priorities, optimized innovation pathways, and empowered innovation people, innovation portfolio management is a primary component of a complete innovation system.

These elements already exist in almost every successful organization and are connected behind the scenes. Together, they all concur to determine how organizations set strategy and make decisions to allocate resources.

In particular, portfolio management can bridge the gap between strategy development, budgeting and resource optimization, and the governance of individual innovation projects. But you have to embed it within your existing processes first.

Portfolio Management Is A Discipline: Three Fundamental Questions

Portfolio Management is a discipline that enables you to look across an organization's silos and gather the information around what you're doing so you can answer three fundamental questions. These questions are relevant to every portfolio you might have. You can then use the answers to make better decisions about where to focus your investments:

1. Are we doing the right things? As proof that everything in this context is interrelated, you must first tackle your priorities and know

what are the right things that you should be doing before you can answer this question.

2. Are we doing too much, too little, or just the right amount of things? You need a balanced portfolio. In case your answer here is "we're not doing enough", you would add a little bit more to the pipeline. In case you're doing too much, reduce your investments. For example, there's no need to over-invest in innovation if the level of change in the market doesn't require it.

3. Have we optimized how resources are allocated to the things we're doing?

This third question is about efficiency and resource allocation.

A global CPG firm with a portfolio of 6,000 projects in multiple European regions realized that only a few projects were actually able to move the needle in terms of growth. In their case, it might not make any sense to have a lot of people, time, and resources tied up in the complexity of managing long-tail projects. Each project, of course, is individually justifiable as it's contributing a few hundred thousand dollars of additional value to the organization. But in aggregate, when you look at the complexity caused by all those different projects, "Have we optimized how resources are allocated to the things we're doing?" it's a question worth asking. Freeing up resources to repurpose and refocus them on bigger opportunities can eventually create even more value.

“These three questions may sound somewhat simplistic. Yet they’re very powerful, and so much of what happens in portfolio management goes wrong because one or more of these questions are missed by leaders”.

Four Steps To Build Your Strategic Portfolio Management

In theory, portfolio management is all about knowing the answers to these three questions for any portfolio you choose to manage. It then takes four steps to establish portfolio management inside an organization and show whether or not your portfolio is actually delivering against those same answers.

1. DEFINE the portfolio of interest

It’s important to note that the below applies to any portfolio, whether it’s the strategic portfolio of the whole organization or a narrower portfolio within a particular technology group or product area.

The first thing to do to establish portfolio management inside an organization is define the portfolio of interest. What matters here is to be very clear about the general purpose of your portfolio, which starts with determining what type of business problem you want to solve (e.g., beyond the core revenue growth, expense reduction, etc.).

Once you’ve defined that, the next step is to establish what inclusion criteria to use to select what goes in and out of the portfolio. In a nutshell, defining the portfolio of interest equals getting better at eliminating lots of small, overlapping projects and instead trying to repurpose those resources towards the few that will actually make the difference. You’d rather have 10 needle-moving projects rather than 100 projects that don’t deliver results.

2. Clarify the PERFORMANCE goals for the portfolio

Once you’ve specified the “why” of your portfolio and what’s included and what’s not, the next step is to define to what end you wish to manage it and align on the goals for that portfolio specifically. We all know that “what gets measured gets managed”, so if you want your portfolio to deliver against certain goals, you have to be very specific about the ideal attributes it should have and against what standard you have to manage it. The performance goals are not for the individual projects but the whole portfolio as a collective set of projects.

3. Construct Portfolio VIEWS to generate insights

The next step is to develop “portfolio views”. These are, simply put, the simplified, synthesized data that help leaders answer the three big portfolio questions: Are we doing the right type of innovation? Are we doing too much, too little, or the right amount of innovation? Have we optimized our resources? For each question, there are different views or simple graphical ways you could generate that visualize the portfolio from a number of different perspectives to reveal actionable insights for leaders.

Some examples of views are:

- Current Year Investment by Strategic Priority (to answer the question: Are we doing the right type of innovation?)
- Long-Term Revenue Potential by Business Unit (to answer the question: Are we doing too much or too little or the right amount of innovation?)
- Current Year Investment Relative to Revenue Potential (to answer the question: Have we optimized our resources?)

By creating these simple views, leaders can take the focus away from individual projects and evaluate in aggregate whether or not that portfolio will deliver against what it needs to do over time. It's important to invest time in the discipline of not only creating the data but making sure that people across the entire organization know how to capture that data via consistent methodologies. This will help you face the main challenges that would stand in the way of creating the views you need, including:

- **Visibility Challenge:** often, there is simply a lack of a management information system to create the view. This happens when the data is tied up in Excel spreadsheets, and no one knows how to use it.
- **Methodology Challenge:** a chart showing different projects and potential market sizes may be just an aggregate representation of what different teams have calculated using wildly different methodologies.

4. Use those insights to make DECISIONS

The final step, perhaps the most obvious one, is to use the data you've collected to decide what to start, stop, and continue doing. In too many portfolio meetings, the people involved look at the charts and discuss them but, at the end of the day, no decisions are made. As such, everyone is informed – and that's great! – but nothing's going to happen

there are no clear decisions made to actually reallocate resources and shut down projects.

Beyond Bureacracy: Embed In Existing Processes

Conducting a one-time analysis is a great way to get started. Still, the real power of portfolio management comes from embedding the questions we've analyzed so far into your existing processes for how decisions get made.

It's very easy and all too common to see an excuse to create another committee, process, venture board, portfolio management group, and all sorts of well-intentioned bureaucracy within an organization that already has an innovation system.

However, this frequently leads to unnecessary bureaucracy within the organization, with various groups disconnected from the operating model rhythm of the organization managing portfolios and allocating resources to innovation.

The best way to take portfolio management as a discipline and embed it in the organization is to look for the existing strategic planning processes and structures already in place to control resource allocation and strategy. Instead of creating new committees, leaders should work with those existing groups to help them adjust how they gather and present data, ask the right questions, and make the decisions they've always wanted to make (but have struggled to make).

Turn Ideas Into Outcomes: A Framework for Maturing Your Innovation Portfolio



Rachel Kuhr Conn
Founder and CEO at Productable

Innovation activity is at an all-time high.

From idea competitions and startup incubators to virtual whiteboards and design thinking workshops, there is no shortage of mechanisms for brainstorming what's possible in an organization. It's exciting to have so many ideas to work with.

But what happens next? Eventually, you need to identify which solutions best fit your business needs. Ideation on its own isn't enough to drive innovation outcomes—and could even be a waste of resources if not governed properly. To drive outcomes, you need disciplined portfolio management.

Problem: Game-Changing Ideas Get Stuck at Square One

Without a reliable system for testing early-stage ideas, orgs are leaving innovation ROI on the table. Gartner has found that business leaders underfund transformational projects by ~33% due to ineffective innovation project evaluation methods. It's not enough to come up with an idea. You need a way to decide if—and to what extent—it should be funded.

This challenge is all too common in organizations across the public and private sectors. For example, a process improvement leader in the U.S. Air Force recently told me, "Everybody's got great ideas. But we need the great ideas that matter to get horsepower behind them." The key phrase

here is "great ideas that matter." To maximize your innovation performance, you need more than just idea volume. You need a system for surfacing the best solutions, separating them from the non-starters, and allocating enough resources to drive development. Here's how.

Solution: Drive Outcomes With Portfolio Management Discipline

Imagine a thriving innovation program. Leaders have established clear goals for all innovation efforts. Thousands of grassroots innovators are continuously developing ideas in line with those goals, confident in their next steps. Innovation managers have the tools, alignment, and data they need to make informed decisions on projects. And at the organizational level, leadership has a clear roadmap for achieving ideal outcomes even faster. All of this is possible—and it's actually pretty boring operationally. The key is committing to a portfolio management discipline.

The merits of portfolio management in the innovation space are well-documented. Gartner reported that organizations with a portfolio-level approach to measuring and reporting innovation drive more efficient growth. BCG found that 94% of "Innovation-Ready Companies" have implemented end-to-end portfolio tracking as a source of truth

to guide portfolio decisions. But adopting a portfolio-based model is easier said than done. It can be hard to know where to start and whether you're on track. How do you move from idea generation to rigorous idea development the right way?

A portfolio maturation framework can make it easier to reorient from ideas to outcomes. Here is the framework the team at Productable developed based on their 100+ years of combined experience in corporate and federal innovation operations:

Level 1: Disparate

At the first stage of portfolio maturity, many people are running innovation efforts concurrently with little to no alignment of information. Innovation leaders support one innovation or innovator at a time, which makes it difficult to manage blind spots and scale support. Plus, the organization is often renegotiating whether the innovation program is worth investing in and to what extent it aligns with strategic priorities. This is our baseline.

Level 2: Visible

At Level 2, innovation leaders have started to create infrastructure for knowing what does and doesn't exist in their innovation portfolio. Innovators know whether their ideas have been incorporated into the organization's documented innovation efforts. For example, maybe each idea is searchable in a software platform by title, project owner, or topic. Innovation leaders know what projects are happening and can start to think about activities like idea sourcing, documentation, and assignment of owners.

Level up by focusing on the basics. To advance your innovation portfolio to Level 2, you will need to audit your innovation activities and introduce new norms.

- First, align on your team's mission. How would you qualitatively describe the ideal outcome of your efforts?
- Next, establish operational groups and roles. Who will contribute to innovation efforts? Who will be the owners who oversee the team? Who will be the managers that run the team day-to-day?
- Collect the information you need to drive operational progress. Take inventory of which projects are active and note the details, owner, and status of each one. Then, make key agreements and decisions known. Outline who needs what from whom at what time. Identify the decisions needed on each project, the data needed to inform those decisions, and the owner of each decision.
- Create a basic roll-up of the current state of your innovation program for your organization's leadership team.

Level 3: Standardized

Taking a step beyond project visibility, the third level of portfolio maturity involves designing ways to manage activities and resources toward desired outcomes. Innovators have clear goals and criteria to work against. They can rapidly resolve issues by reporting barriers to managers and collaborators. Innovation leaders have a steady supply of project proposals across all strategic priorities plus a centralized mechanism for managing a pipeline of projects. The organization can easily access data and stories from innovation efforts to understand progress toward outcomes.

Level up by focusing on repeatability. As Director of Innovation for Mark Cuban's portfolio of 200+ companies, Rachel reached a point where visibility wasn't cutting it. She needed standardization to reduce my innovation management workload and empower companies across the portfolio to achieve their potential. Along the way, she

learned that the journey to Level 3 requires a thoughtful balance of people management, progress management, and process refinement. Here's what that looks like:

- First, establish how often your team will meet. Weekly generally works well.
- Within each recurring meeting, check in on operational progress. What is the current state of innovation projects? Has the team honored agreed-upon action items and deadlines? What decisions have you made?
- Then, begin to explore opportunities for further standardization. To improve decision-making, you could define stages for your innovation pipeline and specify decision criteria that projects must meet in order to advance to each stage of development. For example, you may decide that every project needs a clear problem statement before moving into validation or prototyping.
- To improve progress management, you could start to track metrics at the project level and at the portfolio level. What progress are you making towards decision criteria? Towards your desired outcomes? How much time are projects spending in each stage? What were your expected vs. actual shots on goal?
- To improve collaboration around innovation, you might experiment with tools for sharing wins, reporting and resolving barriers, and integrating feedback.
- As you bring structure and standardization to your innovation program, roll up your efforts to the organization level so leadership can follow along.

Level 4: Thriving

The cornerstone of a thriving portfolio is predictability. Innovation teams that have achieved full portfolio maturity are able to

use standard data to forecast the resources and efforts required to produce their desired results. Innovators use learnings from past experiments to advance projects towards business objectives. Innovation leaders make sound investment decisions based on forecasted methods, tools, and processes.

Get to level 4 by focusing on predictability. Companies like Nike and P&G do this well. Leaders use quantitative models to embrace forward-looking risk-taking, right-size their investments at each innovation horizon, and make optimal go/no-go decisions on projects.

A thriving innovation portfolio discipline takes time. To truly optimize your portfolio, you need to leverage past data to forecast—and maximize—future results.

- Software can help you create a predictive analytics engine that serves up just-in-time recommendations for decisions, deliverables, resource allocation and more.
- You can even use data to improve team dynamics, assigning collaborators based on their personalities, skills, or interests.
- Lastly, predictive analytics can have implications for people empowerment. Clear data trails make it increasingly possible for people to do work that's aligned to their skills, their interests, and the outcomes they are most passionate about. More compelling than today's corporate reward systems, the promise of deeply meaningful work has the potential to create powerful incentives that unlock true organizational transformation.

Create Outcomes While Increasing Your Portfolio Maturity

At any point in your maturity, you can drive outcomes. However, the higher the level

of maturity, the higher the likelihood of predictable success. By actively evaluating and leveling up your innovation team's portfolio maturity, you'll set your organization up for a clearer path from ideation to business results. Here's how to get started.

First, assemble an internal team to investigate your portfolio maturity. Have each person independently review the definitions above and diagnose whether your innovation portfolio falls at a Level 1, Level 2, Level 3, or Level 4. (No judgment! This is all about evidence-gathering and honest analysis). Next, discuss your findings as a group and use either a simple majority or a weighting system to identify your portfolio maturity level.

Once you've chosen a portfolio maturity level, start to explore process improvements. Rather than overhauling your whole innovation program, which could cause confusion and burnout, try testing out a handful of improvements at a time to

understand what works. If you're at maturity level 2, for example, you might set up a leadership meeting to clarify a set of ideal innovation outcomes. From there, you might audit your existing innovation projects and assign owners to share status updates on a bi-weekly basis. As you gather team feedback on what's working, where to improve, and what to try next, you could layer on additional experiments to move closer to a Level 3 portfolio and beyond.

By taking the appropriate steps to diagnose and level up your portfolio, you'll be on your way to pulling more of the right initiatives out of the idea stage and over the finish line when it matters most. A portfolio management discipline that achieves repeatable outcomes is a powerful thing—not just because it drives results for your business, but also because it builds credibility. With portfolio maturity comes a steady stream of resources, trust, and organization-wide support that will get you even closer to your next breakthrough.

Become Your Company's VC Investor



Dan Toma
Partner at OUTCOME

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Investments in innovation need to yield results.

The most obvious (and easiest) solution would be to invest only in incremental improvements and in everything that's very well connected to the core business, but that doesn't mean it's also the wisest.

Acting and thinking like a VC investor when making decisions about your corporate's innovation initiatives can help you invest in innovation successfully.

Corporate World Vs. VC World: Two Sides Of A Coin?

In the 'real' VC world, most ideas will fail, and almost 65% of the innovation investments will only break even at the very best. For these reasons, it's important to play innovation as a numbers game: you can never predict which idea will succeed and you can't select the 'winners' without investing in the 'losers'. In other words, it's crucial to invest in many ideas to eventually spot winners.

However, the corporate context is slightly different from the VC world. First, investing in many ideas is crucial for corporates as well, but there's no point in only doing that. What really matters here is matching investments to the Innovation Thesis and the overall company's strategy and objectives for innovation. Without this alignment, we're just going to scatter our investment and innovation becomes a guessing game. And, as we all know, competing against luck is anything but ideal.

“Innovation is a numbers game: you have to invest in lots of ideas. In the corporate context you have to do it in a very scientific way. It makes no sense to allow every flower to bloom; you have to favor the flowers that are in line with your company's vision”.

Unlike VC's, corporates often find themselves dealing with biases that heavily affect their decision-making in innovation, such as

- **Sunken cost fallacy.** Once we've invested time and money in something, we are less likely to abandon it. This happens because discontinuing bad ideas actually seems to contradict our previous decision.
- **Survivorship bias.** We commonly overestimate the likelihood of success in risky ventures.
- **Safety bias.** We protect against loss more than we seek out gain. As a result, we tend to invest very carefully so that we don't lose money rather than look at the upside of every idea.
- **Experience bias.** We take our own perspective as the objective truth and tend to look at things similar to our background, past decisions, and mental paths.

- **Similarity bias.** We prefer what is like us – i.e., our core business – over what is different. And again, this happens frequently in large organizations.

Now that we've established that the Corporate and the VC worlds differ for at least two reasons, we need to understand what corporates can do to overcome the obstacles on their way to successfully investing in innovation.

The Role Of Corporate Innovation Investors

To invest in innovation and replicate (or better yet, adapt) what VC investors are doing on the outside, corporates need to have a Venture Board (VB) in place, i.e., a group of decision-makers within the organization that safeguards the budget and decides whether or not to invest in some initiatives.

Organizations that don't have a VB set up are actually finding it difficult and tedious to innovate. We'll discuss this more later in the article. For now, it's vital to emphasize that the role of corporate innovation investors (or Venture Board members) is probably the most important in the whole innovation system.

They connect the innovation strategy with the practice (the implementation of the strategy); thus, they make sure that what's being said happens in real life. The only way to follow up on innovation strategy is actually to invest in ideas. And it's innovation investors' responsibility to decide if and where to invest, if a venture needs to pivot and if that particular pivot still follows the overall innovation strategy.

Also, they're in the position to inform innovation strategy changes based on interactions with the innovation teams.

The Venture Board acts as the artery for information to flow between the teams and the executives. Executives don't have time to go over the details of every single innovation team. Taking the information at the team level and abstracting it to the executive level is the role of the Venture Board,

Fundamentally, the job of any VC investor – or any Venture Board member in the case of a corporate – is never to decide on ideas. Rather, they always have to decide on evidence. Simply put, never ask yourself: 'is this a good idea?'; instead, ask yourself: 'can I trust the evidence that's presented to me?'

Below you'll find the main evidence corporate innovation investors should look for when deciding on ideas. Of course, evidence changes depending on the ideas' maturity phase. And at each stage, teams usually make some mistakes that investors need to remember.

1. Early Stage or Discovery Phase Ideas

The first thing you have to be aware of is that, at this stage, it's too early to talk about price points or churn rates. Instead, you should be really interested to understand if there is a market for that idea, if customers actually care about having that particular problem solved, and if that idea is solving a real problem or not. Gathering this evidence will ultimately help you decide if it's time to stop the idea before investing further in it. This is a delicate phase, but it can be relatively easy for corporate investors to spot weak evidence. In fact, teams at this level are prone to making some of the following mistakes:

- No evidence from real customers: teams sometimes just interview their colleagues, friends, or whomever they have near them.

- Confirmation bias – i.e., the tendency to interpret new evidence in accordance with existing beliefs or theories – that's rooted in the wrong questions asked.
- Experimenting on the wrong customer segment out of convenience or fear.
- Jumping to conclusions and wanting to progress faster rooted in a deep love for the idea.
- Wrong experiment or too complex.
- Too much preparation in pursuing perfection or out of fear. For example, they might spend a lot of time polishing the words in the interview script rather than just interviewing people.

2. Pre- And Early-Revenue Ideas

In the case of pre-revenue or early-revenue ideas, the teams have ideally already validated the problem as well as the value proposition to some extent and may have generated some early revenue. In this case, you should try to uncover if the target customer accepts the envisioned solution in that particular proposed form. You need this evidence to understand if it makes sense to build that idea and what parts of it you really need to create. For instance, if you already have some products that can be improved and innovated by just adding new features, it isn't very meaningful to build the whole thing from scratch. Common mistakes made by teams in this second include:

- Teams only focus on the total addressable market, omitting computing the serviceable obtainable market.
- Teams compute the market size starting from the total addressable market and only in terms of the number of customers.
- Teams consider only one business model, which in many cases is the one used by the company's core business.
- Teams walk customers through the prototype in an effort to confirm the value of the solution.

Whenever you hear somebody saying a few people have found their prototype amazing, ask them how they got that feedback. Most of the time, they simply don't allow their prototype to fail.

3. Scaling Ideas

At this point, teams have to prove they're in a good position to start scaling. And this can only happen if and when the business model works and there's real hope for a long-term sustainable business model. Typical mistakes that teams make and corporate investors need to pay close attention to are:

Teams focus too much on acquisition instead of focusing on retention. Yet this particular point is deeply connected with the business model. And so, as an investor, you have to see it through your business model's lens, which means if your primary focus is acquisition and you're not interested in retention, you should not consider this point as a mistake. For example, selling books is an acquisition business, not a retention business, so there's nothing wrong here if the focus is on acquisition.

Teams are not data-driven and decisions are made based on a predefined product roadmap.

At the same time, teams ignore the importance of qualitative insights. Sometimes they rely too much on the data and forget that they also need to consider the qualitative aspect. In fact, the data tells us what's happening, while the qualitative interviews tell us why that is happening. And usually, mature teams tend to ignore the fact that they still have to interview. Running interviews can be very uncomfortable for most people. However, there is gold in those qualitative insights.

It's a Team Sport

Investing in innovation takes time and effort and is a team sport. As mentioned, corporates need an actual Venture Board not to suffer from the biases we've discussed so far and make bad investment decisions as a result. The typical composition of such a board should include:

1. Innovation Manager (permanent position)
2. Innovation Strategy Owner (permanent position): this might be the VP of innovation or the Chief Innovation Officer. In general, the Innovation Strategy Owner has a direct line of communication with whoever in the corporation is in charge of the innovation strategy.
3. Domain Expert (rotation): in this position, you need different experts depending on the idea the VB is examining. For instance, if you need to evaluate a blockchain initiative, you would need a blockchain expert; in the case of a renewable energy initiative, you would need a renewable energy expert, and so on. This figure will help you and the whole board understand if the team is performing correctly.
4. External (permanent position): Having somebody external from the local VC community as a permanent position can enrich you and the corporate with interesting, different perspectives. If you don't find an external, involve somebody from another department. As an added benefit, this will also ensure cross-pollination between departments and break down silos.
5. C-level (case by case): when you have to make major investment decisions, you want C-level Executive(s) to be part of that meeting. But, usually, you will need the innovation manager, somebody who's connected to the innovation strategy, a domain expert, and somebody external.

In conclusion, it's up to the Venture Board to decide whether or not to invest in some initiatives based on the quality of the evidence the innovation teams are able to provide at each development stage of their ideas. In essence, corporate innovation investors are decision-makers who must ask the right question at the right time and leave their

personal opinions out of the conversation. After all, facts don't care about feelings.

By focusing on evidence – reliable data and qualitative insights – Venture Board members can make the right investment decisions, thereby improving their corporate's ability to invest in innovation.

Innovation Project Governance Do's & Don'ts



Noel Sobelman
Partner at Accel Management Group

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Despite its importance, innovation project governance is often handled ineffectively, slowing down rather than driving innovation.

Innovation project governance is a decision-making discipline for leaders to decide which ideas to pursue, how to allocate the innovation budget, and how to assign resources. Through this process, senior management can lead innovation, implement strategy, and empower their teams to create new sources of growth.

As such, it's crucial for the innovation function to deliver results. When uncertainty and risk are high in the early stages of a project, large upfront investments waste precious resources. Decisions made not based on evidence can result in poor outcomes. Not making decisions can lead to an innovation portfolio overflowing with “zombie” projects. These are just a few examples of what poor decisions can lead to.

Most would think that leadership is at fault when this happens. Yet it's not always so; instead, it's very likely to be because of the decision-making process itself. Here's how to set up and build effective innovation governance.

What's Innovation Project Governance?

We all know we're working with scarce resources these days. So leadership can't just make decisions based on the merits of each individual project they review. They must make those decisions relative to a certain capacity of resources, and there are a lot of trade-offs involved.

Companies that know how to successfully decide which ideas to pursue, how to invest their innovation budget across a portfolio of projects and, very importantly, how to assign resources usually rely on a decision-making group able to connect exploratory growth strategy to implementation. This leadership group is commonly referred to as a Growth Board (other names include Venture Board or Innovation Board) and it's a cross-functional leadership team.

The Growth Board's responsibilities include assessing and determining

which opportunities to fund, clarifying areas to focus on, holding project teams accountable, allocating budget and resources, removing roadblocks, and creating an environment where innovation teams can thrive.

In other words, you need a Growth Board to prevent the governance process from stifling innovation rather than driving it. However, when the board isn't set up correctly, innovation governance may have to face several challenges:

- **Large upfront investments when risk and uncertainty are high.** Too often, companies invest significant capital into developing a product, sometimes even getting it all the way to market before consulting with customers to find out if the solution meets an unmet need in the marketplace.
- **Decisions based on ivory tower judgment, opinion, or politics.** The other problem we often see is decision-makers making decisions based on corporate politics or the highest paid person's opinion in the room— sometimes referred to as the “H.I.P.O.”. Instead, customer behaviors and evidence should drive decisions on what projects to pursue or persevere with versus the others in the portfolio.
- **Asking the wrong questions at the wrong time.** The development stage of a brand new project is not the right time to ask about ROI. In the transformative innovation territory where uncertainty is high, by definition, asking these kinds of questions only leads to guesswork.
- **Indecision leading to too many dormant products.** Indecision, or just not making decisions, is another common problem with the governance of the innovation pipeline. Having too many dormant or zombie projects in your portfolio is a

problem. You need to start thinking about how to get rid of those to free up capacity for the more promising projects in your portfolio.

For this not to happen, here are some practical do's and don'ts to consider as you stand up and build exploratory innovation governance capability in your organization.

1. Membership And Structure

As mentioned, the leadership group responsible for making decisions in the area of exploratory innovation is commonly called “Growth” and has a number of functions and responsibilities, including (but not limited to): clarifying the organization's areas of focus; setting size guidelines for project opportunities; making the decision on each project to persevere, pivot, or cancel; encouraging teams to manage themselves; allocating budget and resources; and removing roadblocks to successful innovation.

In small to mid-sized corporations, the Growth Board should consist of the organization's CEO or COO, as well as the heads of Marketing, R&D, and Finance. In larger organizations, the Growth Board should be made up of members from the C-suite or the BU leadership level.

If there are tensions between exploratory innovation and the core business (for example, pushback from business units due to the allocation of funds away from a certain BU into new growth), these tensions must be confronted and managed at the highest levels of the organization. Failing to do so legitimizes conflicts, allowing unhealthy behaviors to fester. Your organization's CEO must personally drive the company's exploratory growth agenda, reinforcing its importance.

Do: Establish a Growth Board with cross-functional membership. Because this group's primary function is to make decisions, keep it small (six to eight members), and separate (but still not isolated) from the efficiency-oriented core business.

Don't: Combine exploratory innovation project governance with core business project governance.

2. Linking Decisions To Strategic Objectives

The Growth Board should pursue opportunities based on who your organization is and what its growth ambitions are. It's up to this board to cancel languishing projects and reallocate resources to more promising opportunities. They must evaluate each project based on its potential relative to other projects in the innovation portfolio. Of course, funding and staffing an innovation project may mean canceling something else.

Do: Link individual project funding decisions to your organization's strategic objectives, and say "no" to less auspicious ideas to free up capacity for the most promising projects.

Don't: Avoid tough decisions to cancel projects. It's better to have a high cancellation rate of projects in their early stages when investment is low. Remember: it's a funnel, not a tunnel.

3. Review Cadence

There are two main ways to set up the cadence for reviewing and making decisions on innovation projects: schedule-based or event-based. Schedule-based reviews take place at set intervals (e.g., monthly, quarterly, etc.). In contrast, event-based reviews are held when you hit pre-established progress milestones or Investment Readiness Levels (e.g., project charter approved, solution

concept defined, MVP validated, scalable business validated, etc.).

The event-based approach empowers project teams and holds them accountable to continue to the next milestone or until they run out of funding. Both occurrences should then trigger a Growth Board funding review.

Do: Hold event-based reviews at pre-established progress or investment readiness milestones or pre-defined evidence strength thresholds.

Don't: Hold Growth Board Reviews too frequently or based on a predetermined schedule. Also, don't turn your reviews into unproductive status meetings; status updates should be provided via other channels, preferably prior to reviews. Each Growth Board Review should have a clear objective and outcome, such as a decision.

4. Project Funding

Funding for innovation initiatives involves metered investment based on the accomplishment of evidence-based learning objectives. At each stage, teams must show appropriate evidence to warrant the requested funding. This allows the Growth Board to invest small amounts at the beginning when risk and uncertainty are high and smaller amounts as risk is reduced and confidence rises.

Do: Invest in tranches as new opportunities are validated, confidence levels are increased, and risk and uncertainty are reduced.

Don't: Invest ahead of learning or through the annual budget process.

5. Project Evaluation Criteria

More experimentation over time leads to vastly reduced risk and increased confidence,

allowing executives to feel comfortable that they aren't betting on a potentially losing proposition. One such method of experimentation is to conduct "call to action" experiments, which provide a basis to motivate your Growth Board's decisions.

As an example of a call-to-action experiment, a company may choose to release a video about a new product on the internet and encourage anyone interested in learning more about the product to sign up for a demo. In this way, the company can find out how many potential customers may be interested enough in their new product to use their valuable time to attend a demonstration.

Such fact-based evidence requires the exchange of value. For instance, the higher the consumer's willingness to exchange their personal details, the stronger the evidence is that a project holds promise.

Do: Perform tests and iterative experiments; use strength of evidence gathered across the dimensions of desirability, viability, feasibility, and adaptability to allow your Growth Board to evaluate highly uncertain, transformative innovation projects. Removing subjectivity from the equation ensures that the Growth Board will rely on objective facts to make these essential decisions.

Don't: Use traditional financial metrics for innovation projects that are heading into uncharted territory where you have no history to inform the decisions of the Growth Board.

6. Resource Allocation

Companies begin to struggle more as more projects move closer to the launch and scale phase and compete for the same resources. In this case, the Growth Board's role goes beyond simply determining which innovation projects should be advanced. The Growth

Board's continuing investment in a promising project is equivalent to its approval of the resources needed for the team to run its next series of experiments. It's vital to understand resource demand versus supply- resource assignment is essential in light of shortages of resources.

Do: Identify potential resource constraints and confirm the availability of resources in advance of the Growth Board Review.

Don't: Approve a project to continue without first making sure the necessary resources for the next series of experiments are available.

7. Leadership Decision-Making Behaviors

Many business leaders have difficulty changing their decision-making behaviors, especially if they've been successful throughout their careers. However, within the Growth Board, a different approach is necessary. When setting up a Growth Board, it is helpful to come to an agreement on how members will handle "common situations". In fact, the Growth Board must never be stymied by indecision. These common situations are defined and reviewed by Growth Board's members themselves so that when one or more occur, they can hold each other accountable to the predetermined ground rules.

Some common review situations around which the Growth Board should set its ground rules include:

- The board cannot reach a decision due to insufficient or questionable evidence.
- The board cannot reach a decision because the review brings to light other broad, strategic issues that are outside the scope of the innovation project management team.

- The board cannot reach a decision because the members have differing opinions on certain factors, such as investment priorities or strength of evidence.
 - A board member changes their mind outside of the meeting
 - A board member is unable to attend the review.
 - A board member leads the discussion into inappropriate or unrelated detail.
 - A project team recommends killing a project the board deems strategically important.
- Do:** Agree on a set of Growth Board decision-making ground rules and hold each other accountable.
- Don't:** Revert to decision-making behaviors used when managing the execution-oriented core business, where the criteria are different.

How to Govern Agile Development



Paul Heller
Chief Evangelist at Sopheon

Many companies use a gated process to govern innovation and new product development, reducing risk and optimizing investment.

How do you do this for the agile development of digital products? Do you fear that doing so will stifle your digital innovation?

You may be surprised to know there is a phase-gate method that does not interfere with the benefits and objectives of the agile approach.

The most important thing you must do to succeed with phase-gate is to use it to make decisions (governance) and manage and reduce risk, not to manage a project. Use it to ensure that relevant parts of your company (stakeholders, business leaders, and functions such as marketing, sales, distribution, operations, and manufacturing) are aligned regarding assumptions and expectations.

Use it to establish the rationale to invest, increase stakeholder communication, and prevent surprises. Do *not* use it to run your project.

A Gated Approach to Governance

To make gated governance successful for digital innovation, remember that the essential part of phase-gate is the gate, not the phase. Phases describe and elicit deliverables that are necessary to make business decisions. Gates are events where a select group of (often cross- functional) people make business decisions. The word deliverable represents something delivered to the gate (specifically to the decision makers, known as gatekeepers) rather than work to be done.

Let's look at a process model that uses phase-gate to enhance and add value to the development of digital products. The model contains phases that do not interfere with or control the work of the digital teams. The gates are designed to add value to the digital teams.

The model consists of these gates:

- Decision to fund development
- MVP review and reconfirmation
- Decision to launch
- Product review and strategic adjustment

Note that the word gate is not used. The term “gate” can work against adoption if it connotes (as it often does) friction for the agile culture. In the phase-gate definition, gates are the points where decisions are made. If the word goes against your organization’s culture, call them decision points and review points (the model has both).

For each of the gates in the model, consider its purpose, who needs to be involved, what needs to be understood, what inputs are required, and what outcomes will be achieved. The inputs are the deliverables to the gate, and they should be clearly labeled as to their intent. They should have structures and templates behind them that bring value (not friction) to the teams who need to create them, thereby reducing time and churn in preparation. There should not be too many of them.

Decision to Fund Development

Product development begins with a decision to invest. No company commissions a team to start working without understanding and evaluating the strategic fit, the objectives to be accomplished, the (phased) investment required, the timing expected, and the value expected with the projected outcome. The investment decision is made by a group of leaders who approve the initiative and allocate the resources. This decision point is fundamentally a gate review and decision.

Components of this gate:

- **Purpose**
 - Commit resources to developing the MVP
- **Who**
 - Technology (CTO, head of

software engineering)

- Finance
- Resource owners
- Sales (if the product is sold with a sales organization)
- Marketing
- Customer Success
- **Need to understand**
 - Personas, Product Strategy, North Star
 - Strategic fit
 - Objectives
 - Investment required
 - Value expected
 - Cross-functional needs and expectations
- **Inputs (deliverables)**
 - Product vision, concept, definition, validation, rationale
 - Product Strategy Canvas
 - Market and competitive positioning
 - Proposed success metrics
 - Resource plan (how many teams, how big)
 - Risks
- **Outcomes**
 - Decision: Go, Recycle, Kill, Hold
 - Resources (funds, people)
 - Timing of MVP review and reconfirmation meetings

To decide to invest, the vision and objectives for the product must be defined, discussed, and agreed upon. Market needs, including how the product will be brought to market, need to be understood. The amount and cost of resources required must be defined, understood, and approved. Risks must be understood.

Make these deliverables brief

The definition of the Minimal Viable (MVP) must be understood and agreed upon, along with understanding what happens after the MVP is created and in the market. Use a canvas for product and persona definition

rather than an extensive product definition document for this purpose. Focus on your North Star. Emphasize the why as opposed to the features and functions.

If your company has a sales organization, they should be included in the discussion even if they will not generate revenue for the product. If a PLG (product-led growth) approach is to be used for the new product and the company has traditionally had an SLG (sales-led growth) business model, the sales organization will need to understand this. If the model is SLG, sales must agree to the expectations that will be put on them.

Critical in this first funding gate is a clear understanding of the MVP and a recognition that its definition might (likely will) change as the agile work proceeds, for this is what agile is all about. This can be a change for companies historically using phase-gate, which must be understood. Remind your gatekeepers that change is normal, especially for those new to agile development.

MVP Review and Reconfirmation

Things change. The point of an MVP is to test and validate assumptions about customer desirability, technical feasibility, and business viability. As such, its definition will likely change during creation. It is not uncommon to complete the MVP only to have those who approved the investment be completely surprised at what has been developed and, perhaps, disagree with the resulting MVP that has been created. Preventing such surprises and disagreements is a significant benefit of product review and reconfirmation gates. These gates prevent “this is not what I agreed when I committed the funds/resources” types of reactions.

Components of this gate (meeting):

- **Purpose**
 - Communicate status and change

- **Who**
 - Major stakeholders, same as for the previous gate
- **Need to understand**
 - What’s changed
 - Product
 - Market
 - Target
- **Inputs (deliverables)**
 - Updated Product vision, concept, definition, validation, rationale
 - Product demo
- **Outcomes**
 - Understanding

The purpose of this “gate” (meeting) is to understand change. It is not a gate in the traditional sense because it does not have a decision. It is a review meeting to understand product changes and to ask questions.

Your development team sets this meeting’s timings, which should have been proposed, discussed, and agreed upon in the “decision to fund development” gate meeting. You should have at least one. Additional product review and confirmation gates may also be set, especially for high-risk efforts (e.g., complex systems with hardware and software). These should be discussed and confirmed in the “decision to fund development” gate meeting.

Your development team must be able to change the timing of, add additional, or remove extra previously planned review and reconfirmation meetings as they learn more. Don’t just have a review and reconfirmation meeting because you thought you would need one when creating your MVP. Things change.

Deliverables to this gate include an update of the MVP definition, a review/reconfirmation of the market and target personas, a review/reconfirmation of the expected market value, an updated assessment of

risks, and a restatement of cross-function and assumptions and expectations. Fundamentally, this gate is used to reset expectations and to seek alignment for continued development. Understanding what has changed based on iterative learning cycles and customer feedback, and why it has changed, is essential and core to the cross-functional discussion in this meeting.

This event is not a go/no-go gate. The decision should be to continue (document that as a “go” if you like). Some might also be tempted to include decisions such as increasing investment, decreasing investment, pivoting to something else, or killing or putting the initiative on hold. Do not do this. Because things are still in the MVP phase, it is very likely too early to make these decisions.

Decision to Launch

A major mistake many companies make is to over-focus on the product and under-focus on everything else that needs to be in place to launch the product. A good governance process ensures that everything beyond the MVP is in place and understood before launch.

Deliverables to this gate enable gatekeepers to be confident that pricing, training, sales enablement, and customer success plans are in place. These deliverables require effort to create and cause organizational churn if they are not considered beforehand. A good approach here, alongside product engineering activity, streamlines organizational performance.

Components of this gate:

- **Purpose**
 - Commit resources to launch
 - Commit resources to continue product development
- **Who**
 - Major stakeholders, same as for the previous gates

- **Need to understand**
 - Pricing
 - Customer success plan
 - Internal training requirements
 - Sales Enablement approach (if needed)
 - Revenue expectations
 - Cross-functional assumptions
 - Go forward resource needs
- **Inputs (deliverables)**
 - Marketing plan
 - Training plan
 - Release plan
 - Staffing plan
 - Product measurement KPIs
- **Outcomes**
 - Decision: Go, Recycle, Hold
 - Future product development approach and resources committed
 - Timing of Product Review and Strategic Adjustment (continuous delivery) gates
 - Lessons learned and process adjustments to make the process better

This gate should review and establish deliverables and metrics that define what is needed post- MVP launch. How much resource is required, and for how long? How often will future releases be made? What are the essential product KPIs that are to be monitored? How will the organization assess success, and how will it be reported? Who are the stakeholders from this point onward, and what communication will be delivered to them (and how)? Make sure you answer these questions in this gate meeting.

Product Review and Strategic Adjustment Gates

Once an MVP is launched, the work does not stop. It's only the MVP or first release. It is hopefully only the beginning of the life of the product. Continued product governance is essential to understand product success,

guide future product direction, and marshal the company around the product. You should create recurring meetings on a cadence to review the product and set future investments. Gate decisions here include continue, pivot, end of life, reduce investment, and increase investment.

Components of this gate:

- **Purpose**
 - Understand product performance
 - Guide product direction and future investment
- **Who**
 - Customer success
 - Technology (CTO, head of software engineering)
 - Product stakeholders
 - Resource owners
 - Marketing
- **Need to understand**
 - Product KPIs
 - Market / competitive changes
 - Resource plan
- **Inputs (deliverables)**
 - Product health and KPI report
 - Updated Market and competitive positioning
 - Proposed success metrics
 - Updated Resource plan
- **Outcomes**
 - Decision: Continue, Increase Investment, Decrease Investment, Pivot, Exit
 - Next meeting date

Deliverables to the gate include a review of market and competitive changes, an update on product KPIs and market performance, and a recommendation for continued funding and changes to any KPIs.

Multiple “product review and strategic adjustment” gates support a continuous delivery business model. These gates could

be on a fixed schedule (e.g., every three months), an event schedule (based on key market events), or an ad-hoc schedule. Agree on the cadence of these gates during the previous “decision to launch” gate.

Do not treat these as gates to be “passed,” as with a traditional phase-gate approach. Instead, use them to solicit discussion around product performance and fit with company strategy and to make decisions such as continuing with the product, increasing or decreasing investment, pivoting, exiting, or creating something else as appropriate.

Does your company have high confidence in and have given high authority and autonomy to your agile project team leaders? If so, consider moving these gates away from executive cross-functional leaders and instead putting them in the project team. In this approach, move executive-level governance that focuses on the merit of continuing a product into your portfolio management activity.

Whether the product is released in fixed increments (e.g., once per quarter) or continual integration with no formal releases, continuous delivery gates should be implemented. If desired, these can match the timing for fixed increments, but this is not advised. The purpose of the “Product Review and Strategic Adjustment” gate is to review product performance, not to approve a product’s incremental release.

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Foresight & Business Design

The Key to Innovation Success – Fail Fast, or Learn Fast From Failure?



Ben Harknett
CEO at Cambri

Fail fast, fail often, has become a mantra for companies adopting a lean and agile way of working, originating from Silicon Valley’s vibrant and fast paced startup world.

For a while now, tech leaders and big businesses have been promoting the idea that failure shouldn’t be just accepted, it should be actively encouraged.

If you walk into Meta’s offices, you’ll see the words “move fast and break things” emblazoned on the wall, whilst serial entrepreneur Elon Musk proudly states “Failure is an option here. If things are not failing, you’re not innovating enough.”

It’s certainly a positive step forward that failure is no longer chastised as it once was. Creating a culture of fear, squashing alternative thinking, and discouraging risk-taking is a sure way to kill innovation. We all acknowledge that the best new ideas are born out of experimentation and pushing the boundaries, which requires a level of failure to ultimately succeed.

So, how can being ok with failure be applied in innovation and in particular new product development within consumer goods companies where new novelties are the lifeblood of growth?

Well, the stats suggest that failure has been ubiquitously embraced, but not in a good way. Current estimates state that of the 30,000 products launched annually, 95% fail to meet their objectives.

That’s a woefully low launch success rate. Failure on such a gargantuan scale indicates something is going fundamentally wrong and isn’t a sustainable practice in any form.

Product failure is demoralizing for innovation teams, harmful to brand reputation, costly to the business and detrimental to the planet.

But still failure rates remain stubbornly high...

This is something that defies all sense of logic. It’s akin to Albert Camus’ famous story of the Myth of Sisyphus, who’s condemned to rolling a rock up a mountain only to see it roll down the other side every time he tries – what is the point of doing something to reach a goal, for it simply to not succeed, again and again.

To understand why this continuous loop is happening, looking at the most common reasons for failure is illuminating. These include:

- From the get-go, there’s no real consumer need identified, addressed, or solved.
- Consumer testing occurs too late in the process, so the product is fit for a hypothesis rather than being fit for purpose.

- There's brand naivety (or ego!) in assuming their brand equity will guarantee consumer adoption.
- It's innovation for innovation's sake, usually because the concept of innovation is pushed downwards in an organization, and it becomes 'innovation theatre' with attitudes that are passive rather than dynamic.
- Without any sense of the innovation journey, the product which is probably clear to fail isn't stopped in time – there is too much invested into the product that halting it becomes scarier than realizing it just won't work.

Sadly, and painfully for some businesses, this is a common thread, repeated time and again, which indicates that the underlying issue is in fact, a failure to learn from failures.

It's An Organizational Mindset Thing: Why Failure to Learn From Failure Is Commonplace

This lack of learning stems from the way companies are set up for innovation.

Innovation is often siloed and operates independently across lots of different areas of the organization, brands, business units and markets.

It is thought about in terms of ad hoc projects as opposed to holistic processes. The approach to consumer testing tends to be token gesture validation, rather than agile and iterative at every stage. This means in the process important learnings and data are not captured and testing can't be modified to gain the best outcome. This is compounded by the fact that what data exists is fragmented, with insights scattered all over the organization; in excel sheets, PowerPoint slides, and with outsourced agencies, making it extremely difficult to draw meaningful

conclusions and provide actionable insights and recommendations.

Ultimately there is no system of record in place to capture, store and share failures so they can be learnt from and used to inform future innovations to avoid the same errors.

Establishing a systematic, consistent, and aligned approach to innovation is a challenge for many large CPG companies. Test early, test often and learn fast is a sound mantra to adopt.

Strategies for CPG Companies to Reimagine Their Innovation Process

For businesses looking to radically transform innovation success rates from abject failure to up to 73% success rates, Innovators must draw inspiration from the agile practices of innovative startups and leverage their scale of product launches to create a data moat of innovation intelligence.

Here are the three key strategies to focus on:

1. **Low tolerance for failed product launches** – For a start-up, launching a product that succeeds is business critical. For a large CPG, failed product launches are not existential, but are rather compounding missed opportunities that can harm brand reputation. A strong focus on driving innovation success rates must be a core metric at the forefront of innovation and insight leaders' minds to remain competitive.
2. **Build with consumers** – Whilst CPG start-ups can co-create directly with their first consumers, large CPG's must make consumer insights fundamental to the innovation process to launch successful products.

3. **Unlocking the value of data with AI** – Innovation processes need to evolve with past failures and successes – at start-ups, the founding teams have the benefit of being able to see all innovations across the company and can apply learnings from past failures to improve the innovation process. At a large CPG, a different approach is needed due to the scale of product launches. Centralization of data is key. Rich and consistent pre-launch data, together with post launch evaluations are required, and they must feed back into future innovation cycles to drive innovation success rates. AI should be leveraged to operationalize these learnings and ensure they are shared across the business.

Whilst failure is of course a crucial part of the innovation process, it needs to happen in a safe environment, behind closed doors, not 'live' in the marketplace. Let's stop focusing on the F-word and concentrate more on the indispensable learnings that failure offers.

As Henry Ford once put it “the only real mistake is the one from which we learn nothing”.

The Approach at Cambri

Failure is an essential part of the innovation process, but failures must be learnt from. It's about learning quickly to tweak your

approach and keep testing and tweaking until you've nailed it.

At Cambri we provide our customers with a safe environment in which to fail. We think of our innovation and insights platform as a laboratory for innovators, where they can play, experiment, iterate, and test and learn before launching to the real world.

Because all the testing happens within our platform, we generate lots of valuable data. We convert both pre and post launch data into learnings with the help of AI and surface them to our users. Users receive a predictive score as to their likelihood of launch success as well as AI generated advice that offers suggestions for improvement.

In this way the platform becomes a knowledge hub, the central repository for all learning to ensure insights are not lost and forgotten about. More importantly, these learnings provide longitudinal insights, innovation memory if you like, that help inform all future innovations. By centralising testing, the more data that is fed into the Launch AI™ model, the smarter it becomes, leading to more accurate predictions and prescriptive advice.

It's the perfect virtuous circle where ongoing testing and learning from failure continuously drives up launch success rates which has to be better for business.

From Foresight to Action – How to Leverage Future Insights To Create Value in Strategy and Innovation



Nicolas Reinke, Global Strategic Insights Senior Director at Mondelēz International;
Esteban Martinez, Global Director Research & Technology Transformation at Anheuser-Busch InBev;
Sebastian Knab, Director of Foresight and Strategy at Creative Dock Group; **Tobias Heger**, Chief Innovation & Strategy Officer at Creative Dock Group

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Foresight is a strategic capability that can help identify challenges and opportunities in the future.

If done well, the outputs from foresight initiatives inform corporate strategy and innovation. It can give companies a head-start in testing and implementing innovations that deliver value on the short, medium and long term, and boost competitive advantage. Foresight initiatives require time, effort, and resources, so it's crucial to show how foresight delivers value to the business.

How can you leverage foresight as a valuable tool?

Leveraging Foresight For Future Growth

Mondelez' mission to lead the future of snacking naturally led them to prioritize foresight. They recognized that the way people choose to eat is constantly changing, with a shift towards convenience and quick snacks. This change is influenced by various factors such as demographics, lifestyle, technology, and time constraints. By understanding these long-term changes, Mondelez can better prepare for the future.

AB InBev's motivation for prioritizing foresight came after completing a major acquisition and realizing afterwards that their operating model was no longer sustainable. With no further large companies available for acquisition, they needed to focus on organic growth.

This shift in focus was driven by shareholder expectations and the need to deliver organic growth to improve the company's share price. The company recognized the limitations of their one-year and three-year planning processes, particularly in terms of technology development. Three years was not sufficient for their long-term needs, leading them to embrace foresight as a way to anticipate and prepare for future challenges and growth opportunities.

Winning In Future Worlds

At AB InBev, they assembled a small but diverse group of people within the R&D centre. The team embarked on developing 10 moonshots to discover technological

and business opportunities. They narrowed down the scope and followed a process that included defining multiple scenarios for mutually exclusive worldviews. This allowed them to explore different possibilities and opportunities within these scenarios, continuously asking themselves what-if-questions.

After validating and selecting the 5 most relevant moonshots, the team at AB InBev focused on converting these into technology roadmaps. They started by defining what it meant for AB InBev to win in these future worlds and identifying the opportunities within each moonshot that they should be pursuing. They then assessed the technical and knowledge gaps that needed to be addressed to achieve these goals. This transition from foresight to action demonstrates the importance of not just envisioning the future, but also planning and taking steps to have an impact in the present.

Building Common Views for Better Decision Making

To embrace foresight in the first place, companies must convince senior leadership of its importance. To gain their leadership's support, the team at Mondelez spent time learning from best-in-class companies outside their competitive set, particularly industries with longer economic investment

and development cycles. It was challenging but crucial to create a recommendation internally that showcased the impact and outcomes of embracing foresight, tailored to their unique company context.

Mondelez ensured there was a clear understanding that foresight was not just about inspiration but also about making informed business decisions. They focused on learning what was already being done within their company and discovered inconsistent approaches to foresight, as well as fragmented information and intelligence sources across different functional areas and markets.

They recognized the need to connect these learnings and insights to understand how different functions and markets could react to demographic changes and trends. To address this issue, they decided to build an operational model create their own proprietary framework.

Leveraging scenario exercises towards strategic areas, they were able to address the fragmentation of resources and investments, which hindered the alignment of agendas across functions and markets. By taking control of the narrative about the future and building common views and narratives, they aimed to overcome this challenge and enable better decision-making throughout the company.

More Than Ideas: Learnings From Managing Intrapreneurship Programs



Christian Stumpf

Co-Founder & Program Manager TenneT PowerLab at Tennet

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Intrapreneurship programs are not easy to implement.

Since business environments are rapidly changing, it isn't surprising that intrapreneurship programs are increasingly popular. They support employees develop innovative solutions, often informed by their daily interactions with customers, partners and other stakeholders.

Yet not every intrapreneurship program leads to successful outcomes beyond innovation theatre. How to make them work? What is the best way to maximize their potential?

Below you'll find four lessons Christian learned while working at DB Intrapreneurs that have helped him launch and run PowerLab, TenneT's intrapreneurship program.

1. Your Employees Are Your Users

Founded in 1994, the German railway company Deutsche Bahn today employs over 300,000 people. Deutsche Bahn Company has been investing in existing startups since a few years ago, enhancing its portfolio and accessing new digital business opportunities through its Corporate Venture Fund. In addition, Deutsche Bahn has developed an intrapreneurship program, "Beyond1435", to tap into its employees' expertise and domain-specific knowledge and ultimately unleash their innovation potential.

The aim was to empower intrapreneurs to run through the same process as external startups. However, there is one major component Deutsche Bahn failed to consider: people's feelings and beliefs. And, according to Christian, this is why Beyond1435 didn't really work as an intrapreneurship program. In fact, after a few interviews, it turned out that people wanted to push things forward within the company, not as intrapreneurs but as employees. They didn't want to become entrepreneurs and startup founders.

Eventually, the intrapreneurship program "Beyond1435" was replaced by "DB Intrapreneurs". The difference between the two is the conveyed message: through DB Intrapreneurs, employees still have the chance to leave the company and found their own external startup, but they can also create new units, business models, and innovations within the organizational boundaries. Thus, the goal of DB Intrapreneurs is twofold:

- Diversify DB's product portfolio by developing new digital business models.
- Provide employees with opportunities to learn user-centered and agile methodologies as well as entrepreneurship, thereby fostering long-term cultural change.

"If your intrapreneurship program is still the same a year from now, you're doing something wrong".

This example shows that a successful intrapreneurship program requires you to treat your employees as users. It is crucial to understand what they actually want, how they feel, and what they consider intrapreneurship. A successful intrapreneurship program constantly evolves, refines, and improves itself to meet its users' needs.

2. Don't Look For Good Ideas. Identify Relevant Problems

Corporate innovation (and innovation in general) is often thought to require great ideas. Yet not every idea has the potential to be an innovation. Innovations begin with ideas, that's true. It's wise, however, not to confuse a winning idea with where it came from. In other words, neither brainstorming nor ideation workshops can produce meaningful or useful ideas. Pressing issues usually spark innovative ideas. To put this into context, Christian shares the following example.

Today YouTube is one of the world's biggest video-streaming platforms. Few know that YouTube was originally meant to be a video-based online dating service. However, people didn't like recording a video of themselves to find their significant other online—so the idea didn't work out. Despite this, its founders were smart enough to realize that YouTube still had great untapped potential.

Video files were simply too large for individual users to share in the early 2000s. Therefore, YouTube was set up to resolve this pressing technological problem in video consumption. In no time, it had become a global online video-sharing and social media platform.

"If somebody comes up with a good idea, don't ignore it. However, it is only a starting point for identifying the underlying problem".

The lesson here is that a successful intrapreneurship program primarily relies

on a problem-first mindset. And it's up to leaders to promote and foster this thinking throughout the organization.

3. Adapt Your Innovation Process

When you adopt that problem-first mindset and ask for challenges instead of ideas, you must adjust the innovation process accordingly. In fact, it doesn't make sense to encourage intrapreneurs to identify and bring out problems if you expect them to have a problem-solution fit from the beginning.

"Building a startup is about setting goals and creating a vision. Whilst corporate innovation involves building bridges and meeting people where they are".

As Einstein once said: "If I had an hour to solve a problem, I'd spend 55 minutes thinking about the problem and 5 minutes thinking about solutions". This quote makes a crucial point: solving problems requires preparation.

Therefore, ensure that your innovation process gives intrapreneurs room to explore the identified problem before they launch and grow their solutions. Later in the article, we'll see what this process looks like at PowerLab.

4. Define Success And Matching Metrics

How can intrapreneurship programs be measured? Answering this question is not easy. It typically takes a long time for them to gain traction and broad support in corporate settings. Furthermore, the new business models will rarely be profitable whilst part of the program. Hence, profits or financial returns on investment are not the best indicators to use. However, there's no definitive solution or preferred way to measure them.

All you have to do is define success metrics that reflect both your innovation process and the stage of your project funnel. The number of ideas received, the number of projects reaching certain stages, and the number of projects handed over to internal units or spun out can all be valuable indicators.

Putting The Learnings Into Practice: TenneT Powerlab

Christian learned a lot about intrapreneurship at Deutsche Bahn, first within the “Beyond1435” program, then within “DB Intrapreneurs”. So when he co-founded PowerLab at TenneT, he had the chance to put all of his learnings into practice.

As mentioned, employees are the end users of any intrapreneurship program. As such, Christian and his team interviewed hundreds of employees before setting up the program, without even mentioning the word ‘intrapreneurship’. These interviews eventually led to the development of PowerLab’s value proposition. It was found that employees want to validate their projects, get management exposure, get real customer feedback, and learn more about innovative methodologies. Thus, PowerLab today offers those who want to work like entrepreneurs within TenneT the opportunity to:

- Get the budget their project needs
- Have dedicated time to work on their project
- Benefit from fast decision-making
- Meet innovative, like-minded colleagues
- Work like an entrepreneur within the company
- Get leadership attention
- Broaden their network within TenneT and beyond

The coaching and support provided by executives and experts give intrapreneurs a chance to realize their projects and gain

invaluable entrepreneurial skills. It’s PowerLab’s mission to give intrapreneurs the space and resources they need to successfully validate and execute their projects.

The program is then composed of three sequential phases: Explore, Develop, and Establish.

a. Explore: explore the identified problem

In this first phase, the intrapreneurs focus on validating the challenge their project tackles and proving that it’s relevant for TenneT and its stakeholders.

- Typical activities in this phase include: Desk Research, Customer Interviews, and Stakeholder Mapping.
- In terms of corporate support, here intrapreneurs get: Business Model Coaching, Networking and Education, and Developing a Startup Mentality.

b. Develop: prove that you can solve the challenge

In the second phase, intrapreneurs must prove that they can solve the challenge with their project. They have to develop a prototype of their solution, test it with potential internal or external customers, and thus get feedback and improve it iteratively.

- Typical activities in this phase include: Testing, Prototyping, and Experiments.
- In terms of corporate support, intrapreneurs here get: Venture Architect Coaching, Technical Experts, and Networking.

c. Establish: launch and grow your project

The third phase is for launching, establishing, and growing projects. As such, all aspects of the new business model should be tested in a small-scale pilot.

- Typical activities in this phase include: User testing, Business Model Validation, and Implementation.

- In terms of corporate support, intrapreneurs here get: Venture Architect Coaching and Technical Experts.

Deep Tech Exploration: How ZEISS Drives Technology to Shape Future Markets



Kai Wicker

Head of the Innovation Hub Dresden at ZEISS

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Innovation doesn't always start with an unmet need.

Sometimes, innovative technology already exists but the problem it solves is not so easily apparent.

Thinking about a problem in a new way is what optoelectronics manufacturer Zeiss does well, as it utilizes its technology to shape new markets. Yet this technology-inspired innovation isn't simply a 'tech push'.

Zeiss is a high-tech company operating in four main segments: semiconductor manufacturing technology, industrial quality research, medical technology, and consumer markets. Despite being relatively unknown, Zeiss's semiconductor manufacturing technology, particularly UV lithography, is crucial and widely used in various products.

The advanced nature of UV lithography creates a technology differentiation for Zeiss. The newest generation of chips can only be made with this UV technology, and ASML is the only company capable of doing so, using optics from Zeiss.

While this may seem like a guarantee of success, the reality is that it is an extreme case. The development is based on Moore's

Law, with clear market and technology roadmaps. However, the high cost of the technology poses a challenge despite its market demand. Zeiss believes in the importance of technology and its market pull but acknowledges that it is not always an easy path.

Market Demands vs Technological Changes

The strategy at Zeiss is based on finding customer problems and using technology as a means to solve them. However, the company does not rely solely on market demands because real disruptive innovation often comes from fundamental technological changes.

Customers tend to ask for improvements on what they already have, rather than envisioning something completely new.

To find disruptive innovation, it is necessary to look at technology and its potential for approaching problems in different ways. Additionally, the pace of technological advancement is much faster nowadays, and waiting for a technology to arrive in

the market before reacting may be too late. Therefore, it is important to proactively explore technology and anticipate its impact, rather than waiting for market signals.

The Innovation Hub at Zeiss focuses on deriving strategic scenarios of how technology can impact markets and act accordingly. One example is the recognition of the trend of engineering biology, where the biology itself is engineered to be part of the solution.

Zeiss Meditec, a major player in ophthalmology, identified the potential impact of tissue-engineered parts of the eye as an opportunity for their business. They convinced the then CEO to create a new unit within corporate research to pursue this application. Additionally, Meditec made a significant investment in a biotech startup developing implants. These actions demonstrate the Innovation Hub's ability to identify and pursue emerging opportunities in the market.

Another example is the exploration of medical robotics and the potential for automating ophthalmic surgery. Zeiss Meditec, with its surgical microscopes, recognized that remote robotics and autonomous systems could impact their markets, even though surgeons may not ask for such innovation.

The Innovation Hub is currently working on engineering organoids, mini organs based on human stem cells, which have the potential to revolutionize pharma research. They are exploring opportunities for Zeiss microscopy, which already sells instruments in the pharma research field, to actively prepare for this trend by exploring new technologies, applications, and markets.

No Blueprint: Become an Explorer

All of this entails new technologies, applications, markets: there is no set blueprint

or direct path. It requires an exploratory mindset and the ability to adapt. While it may be unclear where to start or how to proceed, learning to become an explorer is essential.

Intuitive explorers at Zeiss have driven the success of their initiatives. The challenge is to distill their mindset, intuition, experience, and external best practices into an exploration method. The methodology is divided into different phases, and one important aspect is understanding what makes deep tech truly paradigm-changing by assessing the functional level of technological developments.

Overcoming Barriers

Simply having a superior technology does not guarantee success when bringing it to market. Barriers may include the resistance of incumbents who stick to existing technologies, a lack of widespread capabilities, like engineers not fully utilizing additive manufacturing's potential, and a lack of infrastructure, such as charging stations for electric vehicles. Overcoming these barriers requires strategic planning and navigation.

In pursuing disruptive innovation and exploring deep tech, it is crucial to consider compatibility with existing value streams and potential resistance from stakeholders. Companies must understand the barriers to successful commercialization and the forces preserving the status quo.

At Zeiss, the deep tech exploration methodology includes an assessment of technology, which examines user acceptance, complexity, compatibility with industry structure and infrastructure, as well as ecosystem accessibility. This holistic approach helps identify viable entry points and develop a vision roadmap, bridging long-term strategic goals with concrete steps. The methodology is particularly useful

for future strategic and adjacent business opportunities, as it opens up possibilities that may be difficult to uncover through traditional application-focused approaches. However, deep tech exploration is not an easy process and requires a different mindset and approach.

Continuous stakeholder management is crucial throughout the innovation journey, particularly for high-risk and adjacent horizon three strategies. Gaining top management support and convincing them requires

doing the heavy lifting, including developing business models and providing actionable information, rather than just presenting a vision.

When the first entry point seems optional to the core business, that makes it difficult to garner commitment for the journey, even if the long-term strategic relevance is acknowledged. Exploring detours via startups that offer access to the technology and lead to the strategic vision could be worthwhile too.

Simply Clever Innovation Management



Roman Šiser
Innovation Manager at Škoda Auto

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Innovation management is a discipline; it follows a structure and systematic approach.

At Škoda Auto, they created an innovation blueprint describing how they apply all available tools in order to create continuous enhancement of innovation maturity.

The Blueprint and Structure

First, it's about setting the strategy that explains "why" to innovate and define the "focus", the desired opportunity fields. Then, it's about managing the portfolio, with the right governance and metrics, and funding.

Following those, innovations are being designed and built, leveraging different tools and techniques, and following a dedicated process. Finally, it's about pushing a culture of innovation, including leadership, incentives, training and networks. They maintain the

Culture Mindset index that measures the innovation mindset and helps identify areas for culture development.

From a governance perspective, they are now organized into domains around which they innovate; car (new features and functionalities), services (also directly to consumers) and company. Because of the interconnectedness of trends, this enables more effective collaboration between departments like sales and marketing, production and technical development.

The domains "car" and "services" are steered by a Customer Innovation Council, whilst the domain "company" is steered by a Company Innovation Council. The Innovation Sounding Board, consisting of board members and

key middle managers, is responsible for endorsing ideas and helping to accelerate their implementation.

Identifying Opportunity Fields

When it comes to the focus, the opportunity fields, first there's Škoda Auto's new corporate strategy labelled "Simply Clever"; modern accessible mobility with everything you need and surprises you love. From the Volkswagen Group, sustainability/decarbonization are also embraced.

The additional 3–5 opportunity fields are carefully evaluated, and then defined for the next 12–18 months. From a wide range of innovation topics, they filter out non-mature topics, topics with low impact and topics that are already worked on intensively enough.

Once the opportunity field has been defined, in the next phase it's about gathering ideas from various sources, internal and external, usually totaling up to 200 ideas. Ideas often come from multiple sources and are brought forward by enthusiastic individuals. Depending on the capacity and alignment with a specific business unit, if an idea resonates, either the innovator or an advocate takes charge of driving it through the qualification process. The innovation management team provides support, including funding for proof of concept (POC) and facilitates discussions with management. As the idea matures, it is handed over to the appropriate department expert who implements it, creates a business case, and obtains the necessary approvals.

Evaluating Ideas

Overall, they balance impact versus effort. "Customer value" is weighed at 45% and as such prioritized; "Business Value" comes second at 30%, leaving 25% for "Execution Value".

Impact: Customer value

- Customer need / Demand: How desirable is the solution/service for customer (is there an identified customer problem to be solved or customer proposition to be made)?
- Competitive advantage: Does the solution provide a lasting, unique, competitive advantage, or limit current non-competitiveness?
- Usage frequency: What is the usage frequency of the product/service/solution?
- Brand fit: How well does the solution fit to our Brand values: human, simplifying and surprising?

Impact: Business value

- Financial value: What are expected financial benefits (revenue or savings) of the solution (cumulative 5 years after pilot/implementation start) in mn EUR?
- Adoption / Scaling: How many customers will the solution capture? / How many internal customers (depts.) benefit from the solution?
- Enabler for additional business, e.g. Data exploitation: How big is the potential for additional business opportunity/development, e.g. data exploitation, enabling further services or use?
- Strategic contribution: How much is the solution contributing to our strategic goals? (including core business contribution, order in-take, AaK, KPIs, Data utilization, Sustainability, etc.)

Effort: Execution value

- Time to market: How fast can we launch the solution (MVP)? (after approval of the business case)
- Resource needs: How many (human and financial) resources are needed to deliver the complete project? (5Y timeframe including pilot)

- Dependency on others (competency needs): Do we have sufficient knowhow/capabilities/technology/capacities at our disposal and the “degree of freedom” to apply it? (consider dependencies within VW Group)
- Confidence level: What is the level of certainty in pursuing the idea? (Degree of evidence/data, benchmarks, facts to back-up the idea)

As far as “Business Value” goes, beyond financial estimates, adoption/scaling potential and strategic contribution, the idea’s ability to enable additional business opportunities has become quite important. With regards to the sub-criteria for “Execution Value”, there is a difficulty of balancing time to market with the longer development lifecycle of cars, which can deprioritize certain ideas.

After the scores are aggregated, any significant differences in ratings between their own opinion and colleagues from product marketing, technical development, or customer experience are discussed. If there is a difference of more than two in the ratings, they either agree on an average or discuss the reasons for the differences.

There is a risk of over-intellectualizing the scoring process during opportunity qualification. The value lies in the discussions that arise from scoring, rather than overly focusing on the numerical scores. It is important to discuss each opportunity field and provide detailed descriptions of the benefits and expectations associated with the idea.

How do they define “must-have” ideas?

These are ideas to catch up with the competition and market standards. They typically address a critical customer need; customers would switch to a different brand otherwise. Of course, the idea should not go against the brand promise. Beyond, they also define “highlight” ideas, that might “wow” the customer and differentiate versus the competition.

They make decisions when it comes to prioritization and implementation based on portfolio charts that display “Customer Value”, from “low” to “high”, and “Execution value”, from “difficult” to “easy”, and with “Business Value” reflected in the size of the dots.

Unlocking Corporate Innovation for the Energy Transition



Carla Mendonça Tavares
Head of Commercial Innovation Center at GALP

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What does an accelerated energy transition at a multinational energy company look like?

Galp is a 150-year-old energy multinational headquartered in Lisbon, Portugal. Because of its commitment to the energy transition, they created a new innovation team that

consists of a small and diverse group of individuals from different backgrounds and nationalities, mostly recruited from outside the company.

The innovation team at Galp is structured according to the company's three business units: production and operations, renewables, and commercial (including petrol stations and electric mobility). They have three innovation centers, one for each business unit.

First, they identified tech trends, leading to technology radars for each business unit. These trends then were prioritized in roadmaps, following the Three-Horizon framework. Their mandate so far has been primarily to focus on Horizon One (70%), yet to also balance current needs with future opportunities in Horizon Two (20%) and Three (10%). Across the three units, for the company overall, the team always keeps in mind digitalization, optimization and decarbonization. That roadmap typically reflects a commitment for a 12-months period ahead.

Given their mandate, the team collaborates closely with the business and as such, alignment is crucial. They work with a pre-approved budget provided by the business units. They tackle topics selected by the business units, which could involve pilot projects, studies, or education on specific subjects. Reporting and transparency are important aspects of the model, with monthly meetings and detailed reports on project status and budget monitoring.

The hybrid governance model fosters a sense of co-ownership and aligns the team's efforts with the company's goals. The team follows an agile process with decision guides and steps for pilot projects, aiming to launch them within three to six months. They act as challengers, addressing big topics and regulatory frameworks, and enablers, conducting agile pilot testing and embracing failure.

The innovation team takes on the responsibility for testing new ideas and projects, as it is easier for them to accept the blame if something fails. In contrast, the business units may not have the same tolerance for failure.

They use a funnel approach, starting with ideas from the external ecosystem and then filtering them down to a smaller set of projects that are aligned with the business unit's goals and have the potential to bring value to the company. Some projects may be closed or killed, but the team values the learning and knowledge gained from each endeavor.

While there is alignment on the roadmap and mission, scaling up the innovation projects within the business units presents challenges due to their limited resources and focus on core operations.

Currently, there are 61 ongoing projects, and the team expects some of them to be scaled up. One example of a project is testing second-life batteries, which explores the use of lithium batteries from Nissan cars that have reached the end of their lifespan. These batteries, though not suitable for powering electric vehicles, are being repurposed as buffers for ultra-fast chargers, which require medium voltage not typically available at service stations.

Galp's Collaboration Approach

The team adopts an outside-in approach, collaborating with external partners such as R&D centers, academia, startups, and scale-ups. They rely on these external collaborators to bring in new ideas and technologies from around the world. This approach allows the team to leverage specialized knowledge and resources beyond their own team of 25 members.

The business units, as they are particularly focused on legacy operations, have limited time and resources to dedicate to innovation. Therefore, the innovation team serves as an “innovation-as-a-service” provider, taking on the responsibility of driving innovation in Horizon One projects.

While the current focus is on supporting Horizon One innovation, the team recognizes that their role will evolve over time. Their aim is to help build capabilities and a shared language within the business units so that they can eventually take ownership of their own innovation efforts in the future.

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Incubation, Venture Building & Scaling

Unleashing The Unicorn Within



Linda Yates
Founder and CEO at Mach49

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This is the moment for large corporations to create unicorns.

Large companies have all the necessary resources and capabilities to disrupt themselves and drive significant growth. There is no reason why they cannot create innovative startups from within or outside their organizations.

- Blockbuster company had multiple opportunities to create a platform like Netflix, but they didn't. See where Netflix is now.
- Marriott could have developed a similar concept to Airbnb, but they haven't. Look where Airbnb is now.
- Toyota had the potential to launch a ride-sharing service like Uber. It missed that opportunity and, as a result, lost the opportunity to double its revenue.
- Furthermore, Stripe, a successful online payments platform, could have been created by Wall Street executives like Jamie Dimon, but they didn't.

They had all the necessary resources and capabilities to disrupt themselves, but they didn't. As a result, they lost out on tapping into tremendous opportunities.

To drive meaningful growth, large companies have to embrace the Silicon Valley ethos, breaking free from inertia and orthodoxies that often stifle transformative change. To achieve that goal, you must build your own growth engine, leveraging different instruments like venture building, venture investing, targeted M&A and strategic partnering.

A Brief Introduction to Venture Building

The first step in the Venture Building process is ideation. This could involve different activities. If you have a clear idea to start with, this stage is about challenge framing, setting the aspiration and guardrails for the venture. If you have a lot of ideas, this stage is about reviewing the portfolio- how do we sort the ideas and figure out which ones to prioritize?

In other cases, you may know which domains you want to explore but you don't understand the current state of the competition and marketplace, which calls for domain exploration and ecosystem mapping. Or, you can run an internal venture competition if you need to generate more venture ideas and to find your internal entrepreneurs.

Once the top ideas are selected, the next stage is incubation. This stage includes three phases: customer pain assessment, product/service development, and business design. What do people need? What will we build? And how will we make money? This phase concludes with a robust business, execution and operation plan- not just a demo pitch.

Finally, the most challenging phase is the acceleration phase involving three stages: build to validate, build to automate, and build to grow. In all three stages, don't just focus on product. Give enough attention to also continue to test and validate around go-to-market tactics, the business model, the operations/unit economics and the team.

Critical Enablers for Venture Building to Succeed

On the one hand, you must have the will to kill. Maybe there is no pain. You're unable to find prospects and convert them. Or, you can't build what the customer wants— or the tech is too far out. Maybe you can't get the unit economics to work. In those cases, it's better to kill the venture. Killing ventures is not failure.

On the other hand, you want to do this at scale, otherwise you'll never have the financial impact that makes a difference to your board. That's why you need to institutionalize venture building through an internal venture factory. That factory should be designed to create and launch a portfolio of high-quality new ventures, recruit and develop a pool of

highly motivated and exceptionally talented entrepreneurs, and develop an executive team capable of managing a portfolio of new ventures like top-tier VCs.

Finally, when it comes to beating startups at their own game, it's important for companies to seize the "mothership advantage". A growth engine involves four teams: the new venture team, the new venture boards, the venture factory or CVC team, and the new venture advocates.

While the first three teams are focused on venture building and investing, the new venture advocates play a crucial role in creating a supportive ecosystem within the mothership. These advocates ensure support and help with various hurdles such as legal, procurement, and marketing and sales.

Insights from Our Experience on Building 100+ Corporate Ventures



Sean Sheppard
Managing Partner at U+

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In the realm of corporate ventures, failure rates loom large.

The primary reasons for failure often revolve around people and markets, not products or technologies. Here's what we've learned over the last 14 years, building ventures for large corporations around the world.

Focus On Recruiting Early Customers

The most important initial objective is reaching a happy group of early customers who can vouch for your product or service. These customers should be from a specific use case and belong to a scalable segment that can demonstrate how they are better

off with your innovation. Reaching a happy cohort of initial customers signifies the establishment of a predictable, repeatable, and scalable business model.

When identifying early customers, it's crucial to focus on recruitment rather than sales. The goal is to find individuals who share your vision and are willing to contribute their time and honesty. These early customers become your partners, investing their resources to provide you with the time and insight you need. They join you on your journey toward success, offering valuable support and

guidance. By prioritizing these relationships, you can gain the necessary input and collaboration to drive your business forward.

Avoid Creating A Lot Of Buzz Around Your Idea

When it comes to sharing your idea, it's not always necessary to create a lot of buzz. Instead, focus on targeting the right audience who will appreciate and benefit from your story.

By keeping your idea under the radar for longer, you give yourself more freedom to execute your vision without unnecessary external pressure. When the time comes to share your story, let the market data and customer feedback speak for themselves. Their perspective holds more credibility than your own, so allow them to tell the story from their own experiences.

Hiring The Right People

Finding the right people with the right attributes is essential to implement ambidextrous innovation.

While finding them, look for qualities such as embracing ambiguity, a love for learning, having a growth mindset, and being willing to tackle challenges. In addition to this, these individuals should also possess relevant skill sets, particularly in digital product management and leadership.

One common issue in organizations is a lack of digital product management and commercialization leadership. It is crucial to consider sales and customer acquisition strategies early on. Acquiring early customers before a product is fully developed can help de-risk the process. This requires a commercialization leader (and later, a team) that can utilize the resources within the organization and its ecosystem to find and attract customers.

So when building a team for a new venture, the first key hire is a commercialization leader, who is essentially the mini version of the business co-founder. This leader understands how to determine whether an idea has the potential to gain traction or if it will not be successful. All team members report to this leader, who then reports to the higher-ups.

Besides the commercialization leader, various roles exist to form the team needed to execute the idea effectively. These roles include product design, tech, research, DevOps, and others that may be relevant to the specific project. By carefully composing a team that encompasses these different skills and expertise, the idea can be executed with a greater chance of success.

Structure for Accountability and Quick Decision Making

It is important to establish a system that promotes accountability and allows for quick decision-making. One way to achieve this is by implementing innovation as a shared service. By doing so, innovation becomes a responsibility that is shared by all stakeholders, ensuring that the process runs smoothly and efficiently.

To ensure effective collaboration, it is crucial to have accountable stakeholders on board. These individuals should be willing to support and facilitate the innovation process, allowing teams to move quickly and make progress. It is important to work with stakeholders who understand the value of innovation and are committed to its success.

Furthermore, it is essential to adopt an agile approach to innovation. Teams working on innovative projects should have regular stand-up meetings, lasting about 15 minutes, where they discuss their progress and address any obstacles they may be facing. This tactical approach helps keep the

team informed and focused on achieving their goals.

In addition to these daily stand-ups, it is also important to have weekly insights and reviews. These sessions provide an opportunity to reflect on the work done during the week, identify any challenges or blockers, and share the lessons learned. By constantly evaluating and adjusting their approach, teams can ensure continuous improvement and maximize their chances of success.

Create steering committees with relevant stakeholders, which act as guiding forces, helping to steer the innovation projects in the right direction. By involving stakeholders early on and keeping them informed about the progress being made, it becomes easier to

gain their support and address any concerns they may have. Over-communication is crucial in this process, as it helps avoid misunderstandings and ensures that everyone is on the same page.

Avoid Working With Internal IT Teams

Internal IT teams are not equipped to build new businesses and are focused on supporting existing ones. They often have a backlog of tasks, which can make it difficult for them to prioritize new projects. Business leaders may instinctively turn to their IT team for help, but just because they understand technology doesn't mean they understand how to build a business around it. The most successful relationships occur when the business takes ownership of the project and makes the decisions.

Internal vs External: The Dilemma For Scaling Disruptive Innovations



Alceo Rapagna
CEO at Innoleaps Group

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According to a recent McKinsey report, 61% of corporate CEOs consider building new businesses a top priority.

The study also reveals that new businesses make up about 12% of total sales across industries already, with an expectation that this will double in the next five years.

Challenging the widespread notion that cost-cutting is the way out of economic headwinds, new business building is no longer optional for forward-looking CEO's.

Beyond The Core: Horizon 2 and 3

As innovators, we often use the “three horizons” framework. Horizon 1 focuses on core renovation, Horizon 2 explores adjacencies and slightly new business, and Horizon 3 refers to disruptive innovation. To be clear, “new business building” is the label for efforts that focus beyond the core, which means in Horizon 2 and Horizon 3.

That means moving from existing brands and categories to new ones. For example, a consumer goods company offering dairy products might want to expand into plant-based alternatives. Another example is a shift in offerings; while the core focuses on physical products, beyond the core, the company offers services leveraging its huge amounts of data. Or, the change is in the business model- from shipping via dealers to direct-to-consumer.

When a company expands beyond its core, there is less customer knowledge. We may not fully understand certain types of customers or their behaviors and needs in different spaces. Also, our internal expertise may be less applicable to the new context. Often, that makes management to be more careful to endorse and support these efforts. They prefer to stick with what they know rather than take risks, also because their remuneration is tied to traditional business metrics.

Internal vs External

Building new business away from the core could be done by emerging models like internal venture building. This involves creating teams with an intrapreneurial mindset, providing them with funding and space, and allowing them to invent something new. While these teams have more freedom, the control is still high within the corporate structure.

As such, it may be more effective to turn to external channels. This can include M&A, partnerships with startups, and corporate venture capital. However, most acquisitions tend to fail, predominantly because of cultural differences. These differences can manifest in various ways, such as different metrics, horizons for profitability, and attitudes toward growth and innovation. Additionally, many acquisitions come at significant costs. When acquiring a start-up or scale-up, it is not

uncommon to pay exorbitant amounts, such as 20-30x EBITDA or 10x revenues.

Recently, a new phenomenon called “excubation” has emerged, positioned between internal venture building and M&A. It entails the financing of an external venture, run by dedicated entrepreneurs and a few intrapreneurs.

In excubation, the corporate entity plays the role of investor in AND buyer from the start-up or scale-up, and as such is a partner that has a bigger involvement in the company and interest in its success.

Compared to internal innovation efforts, these new ventures can develop a lot faster. And compared to just purchasing the technology in the market, there is a strong financial incentive and potential uptake for the corporate too.

In fact, the corporate doesn't just invest in one particular venture but in a unit that is tasked to build several ventures- a venture studio.

The Model for A Venture Studio

From a corporate perspective, the main goal of an excubation venture unit is to scout, build, and scale a portfolio of new businesses outside of the core. This requires taking multiple bets, as not all projects succeed.

Evaluating the success of an excubator should not only be based on revenues but also on valuations and the potential market value of the businesses being developed, similar to how venture capitalists assess investments. For example, BP Launchpad aims to build a unicorn, a start-up valued at over \$1 billion. The metrics used in excubation are different from traditional business measures and require a more venture capital-like mindset.

For a typical corporate venture studio, the first stakeholder is the corporate as investor, putting in money in exchange for shares or convertible bonds. The second stakeholder is typically a venture building company, putting in the work (and sometimes money) in exchange for shares and/or fees. In many cases, external investors are brought in to provide the necessary industrial expertise and additional financial resources.

The studio then recruits a team of that starts ideating and validating new business ideas with the funds provided. Some of these MVPs are validated and moved forward to the Investment Committee for approval. Upon approval, a new company will be created and founders are recruited. They typically get a significant stake of up to 70% in shares, which incentivizes them to launch, grow, and raise external capital. External investors are more likely to invest if the founders have a strong command and personal investment in the venture.

Let's say the studio tests 20 ideas with 2mio, and 3 ventures reach the exit-stage (acquired by the corporate mothership is an option too), that could easily triple the value of that investment in less than 5 years. Compared to

the 7-10 years it takes a typically VC to get there, this is an attractive route.

1. In order for your venture studio to be successful, there are four key factors that need to be in place.
2. Firstly, having a clear strategy and the support of the board is crucial. Without these elements, nothing will ever come to fruition. It is important for the CEO to fully understand and be convinced about the strategy before moving forward.
3. Secondly, having a well-articulated legal framework is essential, as it can be complex to bring all the stakeholders together. This framework ensures that everyone is on the same page and provides a solid foundation for the venture.
4. Thirdly, engage the founders of the venture as early as possible. These individuals will be leading the ventures when they are ready, so their involvement from the start is critical.
5. Fourthly, bringing in external investors can provide discipline to the venture. Their perspective and expertise can help shape and guide the endeavor toward success.

Lean Scaleup: The 12 Modules For Corporate Business Building Excellence



Frank Mattes

Expert in corporate business-building and author of Lean Scaleup

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Innovation doesn't work, because it doesn't scale.

That's what your typical business leader might say. We as innovators might argue that it's the other way around- innovation does not scale

because the mothership is not prepared for letting innovation scale up.

So, how to arrange a win/win/win? The mothership wins, the innovation unit wins, and most importantly, our customers and the world at large wins?

The Number One Challenge: Converting Innovative Ideas to a Viable Business

Success remains elusive so far, mostly because it's hard to convert innovative ideas into viable businesses. There are two value creation systems under a corporate roof: the "red shirt system" for day-to-day business operations and the "blue shirt system" for long-term, unknown future revenue streams.

The efficiency-driven approach of the "red shirt system" maintains stability and consistency, ensuring that processes run smoothly and efficiently. Meanwhile, the "blue shirt system" thrives on uncertainty, exploring uncharted territories and pushing boundaries in pursuit of long-term objectives. These systems have different success rules and require different leadership styles, mindsets, metrics, and ecosystems.

The challenge lies in transitioning validated concepts from the "blue shirts" to the "red shirts" for scaling up. Many companies lack an organizational home and playbook for this scaling-up phase, resulting in a high failure rate. The areas of tension between the red and blue shirt systems are where the problem lies. Hard-docking these systems will not work. Eventually, the "reds" would always win if not properly managed.

What does this look like for the different stakeholders in corporate innovation?

Meet Michael: Michael is the CEO of a corporate spinoff and the Head of a Business Unit of a company in the materials industry. Michael developed a platform for the whole industry. So, he might be asking:

- Is the business ready to be scaled?
- How does the business align with the mothership?
- Which of those core assets is most relevant for the business?
- Where is the go-to market?
- How to have the discussions with the C suite?
- How to scale outside of the company, which the company has never done?
- How to leverage core assets and where to use them?

Meet Leon: Leon is the head of a business model incubator of a \$bio software company. Leon might ask questions like:

- How to better align with the mothership?
- The business is basically operating in a vacuum and needs to become more dynamic. How to do that?
- The company needs to take more risk, yet governance is super complex. This slows us down and brings down morale. How to tackle this?

Meet Pete: Pete, responsible for innovation labs, faces the challenge of ensuring entrepreneurial freedom while establishing a clear structure for funding and governance. Pete may be struggling with issues like:

- Our mothership company is not prepared for us to scale up. How can I engage leadership of the core to support us in crossing the chasm?
- How could we more pro-actively align with stakeholders in the business, so it's not a surprise to them that we even exist, once we start gaining traction?

What is the Solution?

The solution to this problem lies in a symbiotic arrangement, where both "red" and "blue" entities coalesce, ensuring the enterprise remains robust yet forward-

looking. There are disparities in leadership styles, mindsets, metrics, and ecosystems that exist within these realms.

To be clear; the solution is not another canvas. It's a systems problem. You need a gearbox to connect these two incompatible value-creation systems. This gearbox has three cogwheels: methodology, leadership and culture.

Firstly, there is the issue of methodology. This pertains to the 'how to.' Examples are 'how to design an effective end-to-end process' and 'how to establish a collaboration model between the existing business and the emerging new business.'

Secondly, Leadership's actions are crucial. Examples for these are aligning NOW and NEW on shared goals, allocating resources, protecting the emerging business against the naysayers and sceptics, and communicating that this is one company, not a NOW company and a NEW company, and both are needed to future-proof this company.

Lastly, people/culture aspects are essential. Even with effective facilitation, achieving productive collaboration at scale between NOW and NEW domains can be challenging when there is no formal collaboration model and no clear leadership communication that fosters a 'one-company mindset' throughout the organization.

For an effective solution to the NOW/NEW system problem it is mandatory to address all three dimensions simultaneously.

With the Lean Scaleup framework, you can define per venture as well as for your company overall, what's needed based on an assessment of the current status and the goals. By putting together the modules as listed below, you will be able to address any issue related to the three cogwheels; dual leadership, methodology and culture.

The modules of Lean Scaleup are:

- Transition to Scaling-Up
- Scaling-Up
- One Company mindset
- Ambition for NEW, aligning NOW and NEW
- 4x4 pre-Scaling graduation
- Ambidextrous performance management
- Business building toolbox
- Collaboration model and culture in the interface
- Startup-ish autonomy
- Culture of growth and growth resources
- Capabilities, people profiles and A-teams
- Structure, funding & governance

Together, these 12 modules make up the management infrastructure that companies need to succeed in creating new businesses.

Setting Sail For Success: The Importance Of Corporate–Venture Alignment



Michael Nichols, Director of Corporate Ventures at Mann + Hummel; **Priyanka Mukherjee**, Vice President at Olam Ventures; **Antje Bulmann**, Venture Builder at Airbus; **Tino Klaehne**, Director of Strategic Innovation & Intelligence at Lufthansa Innovation Hub; **Fernn Lim**, Chief of Staff at Nexus by SC Ventures, Standard Chartered Bank; **Kilian Veer**, Global Head of Scaling at EnBW Innovation; **Younes Souilmi**, Head of Portfolio at Amadeus; **Pontus All**, Senior Venture Development Manager at Volvo Group

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Establishing product-market fit is critical for any new corporate venture, but that’s just one component of successful corporate venture building.

As many of us know from first-hand experience, a venture’s success is not guaranteed even with a product-market fit, as it may still face failure or termination by the corporation. To be successful, a venture must also match its mother company’s strategy at a given time. Misalignment can lead to missed opportunities, wasted resources, and even the failure of promising ventures.

And so, how can you ensure that your ventures are being steered in the direction of overall company goals?

Why Is Corporate–Venture Alignment So Important?

Corporate ventures require strong alignment with the mothership goals and strategy more than anything else to eventually be successful, as Kilian points out. Corporate venture building generally aims to combine market potential (often the priority of external VCs or startups) with strategic fit (typically the emphasis of BUs). And this is where

the corporate–venture alignment comes in, denoting the strategic synchronization between a corporation and its ventures. A good alignment results in a harmonious interplay between the mother company and its ventures, minimizing conflict.

“Many corporate ventures that achieve product-market fail anyway due to diminishing alignment with the mother company”.

Tino agrees explains that building a corporate venture means dealing with two challenges at once. The first is to understand the market and consumers to create a product that fits their needs. The second is to ensure that the venture aligns with the mother company and maintain that alignment.

In the following paragraph, we’ll dive into what creates corporate–venture alignment and discuss proven best practices you can use to launch successful ventures.

Unlocking And Maintaining Corporate–Venture Alignment: A Practical Guide

Leadership support is essential for achieving corporate–venture alignment. Leaders provide the strategic direction, resource allocation, communication channels, and cultural support needed to empower ventures and ensure they're aligned with the mother company's goals and priorities.

“Corporate ventures won't succeed without the support of leaders”.

At Amadeus, they've recently adopted an “individual support strategy” so that a single leader is responsible for a single innovation project or initiative. As Younes shares, assigning a specific senior manager to sponsor each initiative has contributed to many ventures' success. Other large corporations have already adopted a similar approach. For instance, an Amazon “Single–Threaded Owner” is a leader fully devoted to creating a new product, launching a new line of business, or executing a digital transformation. Such an approach creates a tighter bond and a more effective leadership commitment, strengthening support for the venture.

Priyanka adds that the management team must be naturally inclined toward innovation for venture building to reach its full potential. “Simply having an innovation agenda is not enough if there's no genuine commitment. Leaders must have a real attitude toward building new businesses”, she says. In fact, according to her, Olam leaders' DNA is rooted in building businesses, which has facilitated the corporate's success in innovation for the past 30 years.

Therefore, securing the leadership's support is crucial to unlocking corporate–venture alignment. What can you do to maintain it?

1. A Safe Space for Experiments Steered by a North Star

Innovation requires a safe environment, either physical or legal, where failure is viewed positively. This is why at MANN+HUMMEL they have created the Digital Hubs. In these regional centers, their 23,000 employees can experiment and find the best solutions to current and future challenges. Within Digital Hubs, everyone is encouraged to bring their creativity and collaborate with like-minded people to develop new solutions quickly, more efficiently, and globally.

And according to Antje, this “safe space” should still be guided by one or multiple North Stars to ensure the newly created ventures align with the overall mother company's strategy. For instance, eight North Stars guide Airbus Scale's innovation activities: climate change, smart aviation, circularity, crises alleviation, airport transformation, commercial space, global guardian, and UTM (Unmanned Traffic Management, i.e., building digital air traffic management solutions for the next age of aviation). These areas represent optimal environments for Airbus Scale to launch new ventures.

Antje also provides an example where a promising innovation failed due to a lack of such an alignment. The proposed technology, a waterless washing machine with potential applications in water-scarce regions, didn't fit within Airbus's core interests, i.e., the eight North Stars. As a result, it failed to secure funding.

And the same happens at Lufthansa Innovation Hub. As Tino shares, at Lufthansa Innovation Hub they're pioneering the future of travel and mobility for the Lufthansa Group and the travel industry by identifying the market's shifts and translating them into new business opportunities. Their playing field is

not necessarily the flying industry, and they pursue transformative ideas and build non-adjacent business models. Still, their ventures are guided by the broad goal – shared across the Lufthansa Group – to make travel easier, more convenient, and more enjoyable.

2. “Prove the Value”: A Reasonable Request?

Building new businesses takes time. Yet sooner or later, you’ll get into a phase where the mother company asks for tangible results. Nothing could be more challenging: by nature, new businesses are not that predictable, and it can be very challenging to prove their ability to deliver relevant (future) revenue. And this is even more so in the early stages when the venture is still developing its offering and establishing its market presence. Of course, this imbalance between corporates’ expectations and ventures’ reality might heavily impact the overall alignment.

While it may not always be possible to prove the value of a corporate venture in the early stages, the following tips shared by Michael can help you demonstrate the venture’s progress and potential value, as well as build leaders’ support over time:

- **Establish clear metrics:** it’s crucial to demonstrate to leaders that you possess explicit criteria for assessing each of your ventures and are prepared to swiftly terminate those that do not succeed. As such, identify specific metrics that can be used to measure the venture’s success, for example: customer acquisition, revenue growth, or market share. Once again, these metrics should align with the mother company’s overall strategic goals.

“Many people believe that if you persist, you will eventually find an answer. Yet, that ignores the opportunity cost of persevering when you are losing”.

- **Showcase early wins:** even if the venture is not yet profitable, there may be early wins or milestones you can showcase to demonstrate progress and the offering’s appeal to consumers. For example, share if the venture has already received positive customer feedback or launched a successful pilot program.
- **Demonstrate uniqueness:** highlight the unique aspects of the venture’s product or service that differentiate it from competitors. This can help you demonstrate its value and potential to disrupt the market.
- **Be transparent:** finally, it’s always important to be transparent about the progress and challenges of the venture. Providing regular updates to leadership and stakeholders can help you build trust and demonstrate a genuine commitment to long-term success.

3. Corporate Assets: What to Use and When?

In a recent study conducted by Kilian, 17 critical assets have been identified, ranging from market data to sales and distribution channels to brand recognition. Using them all at once, however, is not a good idea. Each venture has its own focus that may also vary depending on the phase of development it is in. As a result, different ventures at different stages require different assets.

The study indicates that as ventures mature, they rely more on corporates until they’re able to develop their own assets. Kilian distinguishes four categories of corporate assets based on their importance throughout the venture-building process:

a. Constant importance: Talent

The significance of talent remains unwavering throughout every phase of a venture’s

journey. And when it comes to building corporate ventures, the composition of the innovation team and the talent they possess are of utmost importance. Many corporations don't realize they already have venture-building talent with entrepreneurial skills within their existing employee base. Kilian's research shows that around 2-3% of corporate staff are interested or qualified to work in venture building, "and in a company with 20,000 people, that's a significant number", he says.

It's definitely important to combine external venture experts with internal talent to achieve success, according to Antje. "The tech team is one of Airbus' most valuable assets, and without this team, we couldn't build the hardware we need. But the team composition is not set in stone. It may vary with time, based on the venture's evolving necessities. Hence, we always look for external experts whenever we identify any skill gap within our team".

Whatever the team composition, Fernn believes speed is a critical factor. Teams must be able to move quickly and avoid being bogged down by corporate bureaucracy, governance, and decision-making processes. To prevent these roadblocks, at SC Ventures they have established ring-fenced teams that operate independently, and even the HR function that serves them is separated from the rest of the organization.

b. Increasing importance: Expert Network

Having access to a network of experts is crucial for corporate ventures, particularly during the ideation and validation phases. In fact, experts bring specialized knowledge and skills to the table that the venture team may not possess, including: domain-specific knowledge, technical expertise, market insights, and experience with similar products or services. Leveraging this expertise can

help the venture team develop more informed and effective solutions. Experts can also provide critical feedback during the ideation and validation phases and they can help the venture team validate assumptions, identify potential roadblocks, and refine the concept to better meet market needs.

c. Decreasing importance: Brand

As the venture timeline progresses, assets like brand, sales channels, machines, financial stability, and internationalization seem to become less important. For instance, the importance of marketing and sales channels decreases rapidly as soon as the venture establishes its own channels.

d. One phase importance: HR and other processes

Some assets, like HR and other processes and relationships with partners, seem to be significant only during specific phases.

4. Learn from (Your) Mistakes

Building and maintaining corporate-venture alignment is an ongoing learning process, just like everything else in the corporate context. There is no one-size-fits-all approach, and it's important to keep in mind that what works for one corporate may not work for another.

According to Fernn, mistakes are an inevitable part of the venture-building process, and the key is to learn from them and apply those lessons going forward. By reflecting on past experiences, innovation teams can engage in constructive discussions about what didn't work and why, helping to inform future decision-making and determine the most promising opportunities to pursue.

"It's impossible to use the same playbook in two different organizations".

Kilian's study Fernn's observations: there's a correlation between experience and decreasing difficulty in venture building. Therefore, it's crucial not to get discouraged by the first failure. Instead, analyze what went

wrong and learn from it to improve in the future. "Just because it didn't work the first time doesn't mean it won't work in the future", concludes Kilian.

Successful Business Building at Siemens Digital Industries



Karina Rempel
Head of Innovation Excellence in
Digital Industries at Siemens AG

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While most companies are great at optimizing their core portfolio, they face challenges exploring innovations and reinventing their business.

Exploring new business models requires new strategies and ways of thinking. It competes with core business activities such as expansion, for resources.

In an organization, explorers and exploiters are viewed differently. Exploiters are seen as earning the money, while explorers get a bad rap for burning money through experimentation. But innovation and experimentation go hand in hand. Being bold is necessary to successful exploration, with the understanding that not all experiments yield significant results.

Amazon's Jeff Bezos, for example, is known for encouraging experimentation to increase the probability of innovative breakthroughs. That said, a vast majority of companies do not have the same resources as Amazon to commit to experimentation. When innovation happens on a limited budget, capital efficiency becomes necessary. One way to achieve it is to understand customer pain points before investing in development. Another way to avoid bleeding money on innovation is to stop activities that aren't successful, as Amazon did with its failed Fire Phone.

Siemens Digital Industries Innovation Framework

Siemens Digital Industries developed an evidence-based approach to validate business model ideas in a fast, structured, and efficient way. Their framework supports three strategic goals: move from technology push to customer-centric and opportunity-driven innovation, empower teams to learn about the customer and market and make their own decisions whether their idea gets a go or no-go, and engage investors with transparency and relevant data to understand the maturity level of each innovation project.

Within the framework, the first step is about validation, happening over two phases.

One is about eight weeks and involves teams learning about the customer through hundreds of interviews and gathering as many insights from the market as possible. Teams invest their own resources to collect customer and market insights.

At the end of eight weeks, teams have sufficient insights to decide the viability

of their projects. The decision is based on deliverables, such as the number of customer interviews and feedback received. If there is no traction, the project is halted. While the teams self-declare their projects as viable or unviable, investors have a say as well. They can review teams' deliverables and decide whether or not they want to fund the project. Teams also have the option to pivot the project and repeat the first phase.

If a project is a go, teams enter phase two, which is about seven months of developing a minimum viable product (MVP). Rather than developing a product and having customers try it for free, customers engage in paid pilots, which essentially covers the cost of developing the MVP.

The project incubation period is about 12 months, during which the team also develops a sales strategy. They start integrating the innovation project into their "happy home" in the business, as it will eventually leave the incubator.

Success Factors: Team, Ambidexterity and Data

There are many factors that play a role in the success of the approach as outlined. Throughout their journey, these are three that stood out so far.

Team Composition and Requirements

The teams involved in the program are cross-functional, including people from

sales, staff and core business units. The company has a strict requirement for team members to dedicate a significant amount of time, at least 50-80%, to the program. This can be challenging, especially for those from the core business. There is no specific system like the 20% time at Google for individual exploration, but they do have people dedicated to pre-development and exploration tasks. If someone is unable to allocate enough time, they are unable to participate in the program.

Taking an Ambidextrous Approach

The management at Siemens Digital Industries has a strong commitment to the ambidextrous organization approach. They conduct education and training for leadership teams to emphasize the importance of both exploit and explore activities. The company explores incentives, particularly for projects that are stopped or pivoted, with the belief that success in innovation management includes the ability to stop projects when necessary.

Data-Driven Decision Making

Reinventing the business or creating new frontiers is a risky endeavor but one that promises a massive competitive advantage. Data holds the key to making the right decisions and preventing the so-called zombies that eat up resources and time and deliver little or no value.

Venture Building In A Corporation: An Unexpected Journey



Susana Jurado
Head of Wayra Builder at Telefónica

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Wayra Builder was launched in 2020 and is one of Telefónica's investment vehicles, with which they cover the entire spectrum of the entrepreneurial ecosystem.

Telecom operator Telefónica needs no introduction. The company has been around for almost a century and serves over 380 million customers in 12 countries. Wayra Builder, Telefónica's venture builder, leverages the company's considerable assets and entrepreneurial ecosystem.

About Wayra Builder

Telefónica realized they needed a way to not only invest in startups but also create their own independent companies. Their investment thesis involves investing up to €350k in digital startups in the markets in which Telefónica operates. They take a maximum of 20% equity to avoid compromising future investments.

They start by identifying and validating the idea, seeking approval from the Investment Committee, building a team if necessary, and looking for co-investors. If the idea receives a green light, they found the startup and provide support for the development and launch of the minimum viable product (MVP) for up to two years or until the next round of investment.

Learnings So Far

Telefónica has been investing in companies since 2006 and has experience with over 900 investments. So when they launched

their venture builder in 2020, they expected a roller coaster journey... and still, there were many twists and turns along the way.

They learned the importance of effective communication both internally and externally about their investment thesis and how to reach them. They found that not all areas of the company had opportunities for spin-outs, so it was necessary to identify the areas that did. They also realized that their employees who wanted to become intrapreneurs and create startups needed support in building their teams.

Telefónica's first startup automates customer acquisition processes. They collaborated with another venture builder to co-create the company and learned the importance of hiring the CEO first and allowing them to build the rest of the management team. They also realized the need to give the startup freedom to pivot, even if it meant deviating from the initial technology transferred. They finally discovered that having a majority corporate equity stake in the early stages hinders attracting investors for the next round of funding.

Their second startup is a cybersecurity company protecting business documents with an invisible watermark for traceability. They created this startup themselves using Telefónica's technology and leveraged

their entrepreneurial ecosystem to find co-investors and a CEO. They learned the value of having co-investors as part of the idea validation process and the importance of forming a multidisciplinary team with diverse profiles. They also collaborated with another venture builder to explore startup ideas around pain points identified by their business units.

There were several other learnings, some of which even led them to re-think their approach:

- Regularly check in with the investment committee or decision-makers to ensure alignment before investing significant effort into an idea. Involve other experts in the company, including salespeople, early on in the validation of ideas, as they can become sponsors and support the idea when presenting to the investment committee.
- While short-term pain points may be prevalent within the organization, when

creating a startup it is crucial to focus on mid to long-term opportunities that require time to establish a startup, build an MVP, and gain traction.

- Be open to ideas from both internal and external sources, experimenting with different sources, and being willing to take risks. Other venture builders and academia are excellent external sources of ideas and potential entrepreneurial talent.

Ensure realistic policies around technology transfer, licensing, equity, and position in the startup ecosystem.

Provide support to founders both before and after the creation of the startup, offering advice for up to two years or until the next round of investment. They offer a multidisciplinary team that provides 360 advice, business creation capabilities, access to infrastructure and experts, and support for expansion.

4 Years and 1 Pandemic Amadeus Journey Into Corporate Venturing



Marion Mesage

Head of Nexwave, Amadeus Business Incubator at Amadeus

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The COVID-19 pandemic took a massive toll on the travel industry.

While business suffered, so did innovation within organizations, including at Amadeus, a Spanish multinational that provides software solutions to the global travel and tourism industry.

At Amadeus, business innovation and acceleration happens at its incubator

Nexwave. The business incubator, in place two years prior to the pandemic, was forced to pivot in response to the pandemic challenges. But the venture teams succeed in turning the crisis into opportunities, innovating services and platforms in a post-COVID world in which tourism has rebounded with new service expectations.

When Mesnage took over the team in 2017, she conducted discussions with stakeholders to understand their perception of the innovation group. The stakeholders felt that while the team was working on various initiatives such as startups, sandboxing, and innovation programs, they did not see significant impact coming from these efforts. Thus, a mission to drive impact with innovation at Amadeus was formed.

To achieve the desired impact, they collaborated with the rest of the company to define an innovation strategy. The strategy aimed to establish the fundamentals of innovation and create alignment throughout the organization. The strategy was based on three pillars: why they do things, what they do or where they innovate, and how they do it. The focus was on being traveler-centric, aiming to improve the end-to-end travel experience. They adopted a lean startup approach, starting multiple projects and expecting some to fail. They began implementing this strategy in 2019 with five projects, then expanded to 10 in early 2020. However, the industry was greatly affected when the COVID-19 pandemic struck and shut down the world.

The pandemic had a significant impact on the travel industry, with the volume of passengers dropping to zero. Amadeus and its customers faced economic challenges due to the decline in travel. As an innovation group, they had to reevaluate their focus and identify what would matter in a post-COVID world. They narrowed it down to three priorities: go informed, providing necessary information for travelers in a pandemic world; go safe, ensuring safety measures and frictionless processes; and go local, facilitating local travel experiences.

They decided to focus on three projects from their ongoing portfolio and adopted a more proactive approach to make things happen.

Project 1: Simplifying the end-to-end travel experience

The first opportunity is an end-to-end servicing solution for B2B customers. It allows them to accompany travelers throughout their journey by offering contextualized services. Depending on the traveler's location in their journey, they may receive proposals for transfers, lounge access, activities at the destination, or restaurant recommendations. This solution breaks the silos between different travel actors and enables a comprehensive end-to-end travel experience.

Project 2: Streamlining passenger verification

The second opportunity is called traveler ID, which is a platform that facilitates the digitalization of identity and document verification in travel. It aims to simplify the process of showing identity documents, visas, and even vaccine records when traveling. By connecting digital identity forms to various touchpoints in travel, such as boarding, baggage drop, hotel check-in, and car rental, traveler ID streamlines the verification process. The implementation of digital identities is seen as crucial for personalization and authentication in travel and beyond.

Project 3: Creating local experiences at destinations

Amadeus has developed a B2B local experience platform. This platform focuses on creating local experiences at destinations, which is important for inspiring travel and creating memories. It also helps to foster loyalty and engagement with customers in an industry where travel frequency is low. The platform aims to fill the gap between trips by offering content and continuing the conversation with travelers.

Amadeus classifies its businesses into ABCD categories, with incubation being the initial stage of validating and removing uncertainties (Group D). This stage involves validating key business fundamentals and then validating the scaling recipe and growth trajectory, ready to go to the Scaling Up stage (Group C). With the three businesses mentioned, Amadeus is currently in the incubation stage, working to bridge any remaining gaps and validate the key business fundamentals. They believe they can achieve this milestone within the year, after facing challenges and making necessary pivots during the crisis.

Finding Opportunities in Challenges

To overcome the challenges faced during the crisis, Amadeus had to make various pivots and adapt their strategies. These difficulties also presented opportunities for their projects. For example, the traveler ID project initially focused on identity verification but found success when airlines needed to verify COVID documents. They signed up over 20 customers and even though the COVID requirements have subsided, the customers continue to rely on the solution, leading Amadeus to pilot back into identity verification.

Similarly, the local experience platform found an opportunity when the French government wanted to boost tourism after the crisis. Amadeus partnered with the French government to power a platform called “En Autotour,” gaining momentum and signing contracts with hotels. However, the solution still relies on manual intervention from hotel staff or guests to scan the solution. As a result, they began exploring partnerships with influencers, which proved successful.

This year, Amadeus aims to automate the process with hotels, scale their influencer collaborations, and connect all their travel agent customers.

Factors that Drove Success

The ventures succeeded for a number of reasons. The teams worked with a sense of urgency and collaboration that arose naturally during the crisis. A focused strategy and the willingness to make tough decisions, such as stopping projects and making necessary changes helped meet goals.

Working with internal and external partners also played a significant role in their success, as seen in their collaboration with airlines for the travel ID project and their partnership with the French government.

Despite these successes, they still face struggles, particularly with respect to processes at the larger Amadeus corporation that the venture teams must comply with. And somewhat ironically, accessing Amadeus customers and technology became more difficult after things returned to normal. They are implementing measures such as incentives for the sales team to facilitate access.

Each venture is led by an intrapreneur who has a combination of experience in the corporate world and as an entrepreneur. When the crisis hit, they had 50-15 projects and had to select and reduce the number. The intrapreneurs who stood out were those who had a good understanding of both corporate and entrepreneurial cultures, as they were better equipped to navigate the challenges and opportunities that arose with the projects.

Unleashing The Superpower That Is Intrapreneurship



Daniel Alexis

Founder, VP & Global Head of Ericsson ONE
at Ericsson

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Intrapreneurship is a superpower waiting to be unleashed.

While Ericsson has been in existence for 147 years and does not have an innovation problem, it faced an intrapreneurship problem where talented individuals would leave the company to start their own ventures outside, resulting in zero value creation and the loss of brilliant people.

In response, it established Ericsson ONE to identify game-changing ideas and provide support, coaching, and financing to turn them into unicorn-sized growth businesses.

A Structured Approach to Intrapreneurship

The team at Ericsson ONE follows a structured approach to intrapreneurship with several stages. They begin with the lean startup methodology as the foundation. Employees submit ideas through the open ideation platform, Ideadrop, and these ideas are evaluated for desirability, feasibility, viability, and alignment with Ericsson's growth strategy. Promising ideas go through a rigorous incubation process where intrapreneurs receive funding, coaching, online training, and access to resources such as Ericsson technology platforms, patents, and a global network of customers and talents.

The selection process is highly competitive, with less than 1% making it into the Ignition

stage. At that moment, they transition from Ericsson ONE to become an acceleration unit within the business area. They receive larger investments to scale up and launch commercial offerings that meet market and customer needs. Throughout this journey, a culture of experimentation, risk-taking, rapid iteration, and an obsession with value creation and customer value is fostered.

In evaluating ideas and projects, they consider four main criteria: desirability, feasibility, viability, and impact. Desirability revolves around whether the idea addresses a real problem and if people are willing to pay for it. Feasibility focuses on the company's ability to execute the idea, including technology, go-to-market strategies, distribution channels, and access to talent.

Viability assesses whether there is a sound business model that can scale and has defensibility to sustain over time. Impact emphasizes the contribution to Ericsson's vision of improving people's lives and the planet.

In the idea-phase, desirability is most important, with feasibility and viability becoming most important in the later phases of prototyping and productizing. Impact has equal weight throughout.

Examples of Ventures at Ericsson ONE

The accelerator maintains an always-on portfolio of around 20 to 30 projects, with 25 currently in progress. One notable project is the Ericsson Connected Recycling solution, which aims to turn trash into cash through IoT and AI, revolutionizing the waste industry. Ericsson Connected Machine Vision accelerates machine vision adoption in smart manufacturing, increasing production accuracy from 95% to 99%.

Another venture called Safe Work modernizes and automates safety for field workers, utilizing IoT and AI to save lives and reduce workplace injuries and costs. External Mobility focuses on utilizing network capabilities to improve efficiency and safety measures for drones, enabling solutions like remote inspection and hotspot delivery.

Ericsson ONE had its first successful graduation in December of last year with Ericsson Digital Human, a passion project led by intrapreneur Parth Radia. It started as a way to connect more meaningfully with his grandmother, who lived 8000 miles away. Parth envisioned a cost-effective and scalable solution using smartphones and XR headsets to create photorealistic holograms and enable 3D calling. The investment in 2020 grew exponentially during the pandemic, and the team developed a human scanning rig in LA to build a database of humanity, with the potential to enable the creation of new services for a market worth \$4 billion.

They are also planning to roll-out their first AI-enhanced video API, allowing real-time translation on any video call, making language nearly universal. The technology would allow for dynamic language translation while capturing facial expressions.

These ventures are true examples of the power of intrapreneurship, with the potential to drive significant impact on industries and communities worldwide. If we look back, how is success being measured, and what are the results so far?

Results Achieved So Far

Since its inception, Ericsson ONE has engaged over 11,000 employees, collected over 3,000 ideas, and made over 250 investments. They have made it easy for employees worldwide to participate, with teams in Stockholm, Silicon Valley, and Beijing to support and engage with employees globally.

In addition to the team and intrapreneurs, the success of Ericsson ONE is also attributed to the 750-member ambassador community, drawn from all across Ericsson, who actively support and extend Ericsson ONE's reach. These independent innovation champions help with idea sourcing, idea vetting, and staffing. The diversity of backgrounds and disciplines among ambassadors brings different perspectives and strengths to the table.

Value creation is measured firstly through new business value, including pipeline development and estimated returns, with projected valuations of projects ranging from \$400 million to \$2 billion by 2025.

Secondly, customer intimacy is measured through thought leadership, speed of learning, and customer engagement, with 35 customers signed up on early adopter agreements and 13 programmatic customers involved in multiple stages and projects.

Lastly, brand value is measured through Net Promoter Score, with a recent score of 39 indicating strong support and satisfaction

from intrapreneurs. The coaching, mentoring, and training provided by ambassadors, coaches, and the enablement team contribute to this support, and intrapreneurs feel confident in their ability to transition back to their previous roles with new skills and connections.

Finally: Accepting Failure As Learning Experience

Embracing failure as a valuable learning experience is a core principle at Ericsson ONE. It encourages intrapreneurs to try and fail rather than not trying at all, fostering resilience and perseverance within teams. Failure has led to more innovation and creative ideas, shaping future decisions and actions.

One example of a failed project was a device that aimed to unify all smart devices in homes, combining connectivity, entertainment, PC gaming, and the power of

5G on one platform. Despite investing heavily for two years, the project was ultimately discontinued in 2021.

Three key lessons were learned from this experience: prioritizing listening to end-users over distribution channels, understanding the readiness of the market and stakeholders for bold moves, and acknowledging the high costs associated with creating a hardware and software platform category creator. These insights highlighted the importance of informed decision-making and understanding the scale of ambitions before embarking on such endeavors.

Dive Deeper with the Digital Companion



If you like to go beyond just reading the book and to dive deeper into all the different frameworks, methods, case studies, stories and examples as captured in the handbook, upgrade to get the Digital Companion.

Open Innovation

How To Nail Your Startup Engagement Program



Paolo Lombardi; Adam Berk
Co-authors of “Startup Program Design”

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When you set up an accelerator, incubator, hackathon series, or any other kind of startup program, copy-paste doesn’t work.

You need to create a program that fits your specific goals and needs. Here’s how to set up a compelling and effective startup engagement program and attract the right startups to accomplish your innovation objectives.

What Are Startup Programs?

Corporates have three major options when it comes to driving innovation: build, buy, or partner. These solutions are not mutually exclusive and can coexist in most cases. That said, it’s crucial to select the approach that aligns with your organization’s overarching strategy and objectives. Thus, before committing, thoroughly evaluate the advantages and disadvantages of each option to ensure the best fit:

- **Build:** in this case, innovation happens mainly within the R&D departments. While this gives leaders and corporate innovators full control, internal innovation efforts can fall short if they’re too far removed from the core business.
- **Buy:** here, innovation happens through acquisition. However, integrating different talents, skills, cultures, processes, and technologies may be complex and result in odd conglomerates without a cohesive strategy.

- **Partner:** this approach provides a similar level of customization as the “build” option but without absorbing the external partner completely as in the “buy” option. It offers a unique way to tap into ideas and solutions you may not have previously considered. Partners can be of various natures, including: suppliers, customers, distributors, players in other industries, universities, or startups. And again, before entering into any partnerships, you have to carefully evaluate how potential partners align with your organization’s goals.

Effectively partnering with startups is a key strategy that can make a real difference for your corporate. It isn’t the only route to innovation, of course- you should still leverage your internal R&D and consider M&A deals while collaborating with startups.

In order to be successful, partnerships must be well-designed and executed based on clear objectives and resources. Examples of startup programs are incubators, accelerators, corporate venture funds, and hackathons. While each program is unique, they share common features that facilitate effective management, repetition, and improvement over time. These features include:

- **Duration:** startup programs have a defined duration that varies from a few weeks to several years, depending on the goals and needs of all involved parties. Hackathons typically take a few hours, accelerators a few weeks, and incubators last several years. Shorter programs are attractive for entrepreneurs seeking a quick infusion of resources. In contrast, longer programs give them more time to develop their businesses.
- **Location:** the location of a startup program can significantly impact its success and depends on the corporate's resources and infrastructure. It can be located on-site at the corporation's headquarters, in a separate incubator or accelerator facility, in a coworking space, or even in a virtual location.
- **Funding:** funding is a critical feature and can be offered at the program's onset (as in accelerators), at the end of the program as a prize (as in hackathons or challenges), or distributed throughout the activation stage (as in incubators).
- **Education and mentorship:** education and mentorship are vital components of startup programs and are usually provided during activation.

Why Startup Programs?

To effectively engage with external startups, it's better to use a structured program rather than ad hoc, one-off partnerships. Case-by-case engagements lack structure and can lead to uncoordinated efforts across organizational units, resulting in chaos and unpredictability. Conversely, startup programs provide an organized approach to engagement, making it easier to control risk and achieve valuable results.

"There is no holy grail in startup programs"

There's no one-size-fits-all solution when it comes to startup programs: the best program depends on your corporate objectives. Therefore, to maximize the impact of your collaboration and attract the right startups, it's crucial to design a customized program. Whether the goal is to launch new products, boost brand recognition, or expand into new markets, you can create a tailored program by adjusting and tweaking the features mentioned above into a unique combination.

The Startup Program Strategy Canvas

After thoroughly analyzing numerous successful startup programs, Paolo and Adam created the "Startup Program Strategy Canvas" tool to help you clarify your goals and identify the features that will best support them. Their research indicates that you should consider three contextual elements to determine your startup program's context:

- **The (sponsoring) corporate:** carefully considering what your organization can bring to the table is crucial. Hence, analyze its unique assets, networks, resources, and knowledge, but also identify any potential bottlenecks or limitations.
- **Innovation objectives:** clearly define your program's objectives, whether it's to integrate external innovation, find diversification opportunities, or enter different markets. Ensure that these goals are specific, coherent, and measurable to avoid internal politics and opposition.
- **The startup ecosystem:** understand the startup ecosystem's maturity level, available technology, and expertise, and take into account what startups want when creating an offering to meet their needs as well.

“A startup program exists at the intersection of corporate elements, innovation objectives, and startup ecosystem characteristics”

Balancing these three contextual elements is key to identifying the necessary features your startup program must have to align with your

organization’s strategy, goals, and resources. And this also explains why copying other entities’ programs isn’t recommended: each context is unique. To succeed, you can’t help but go through the trouble of designing your own startup program.

Strategically Engaging With Innovation Ecosystems



Dr. Phil Budden

Senior Lecturer at MIT Management School

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Sponsoring a hackathon or having sporadic interactions with external partners won’t significantly enhance your innovation ability.

To achieve innovation goals and secure competitive advantage, corporates should learn how to work with innovation ecosystems strategically and systematically. Most fail to leverage these ecosystems effectively despite the potential benefits.

How to identify what you need from innovation ecosystems? Who are the key players in the ecosystem? How to engage with them?

Strategically Engaging With Innovation Ecosystems: Here’s How

Innovation can’t happen in a vacuum. Even the most innovative organizations require external resources, expertise, and perspectives to drive innovation. This is because innovation often involves new ideas, technologies, and approaches that may not be present within existing resources and expertise. Engaging with innovation ecosystems offers a solution to this problem.

An innovation ecosystem is a network of diverse stakeholders – including startups, investors, and universities – working together to drive innovation and economic growth. These collaborative environments can exist in various industries, regions, and countries and take different forms depending on the local context and resources available.

“Where startups, researchers, and investors cluster, opportunities to accelerate corporate innovation abound”.

Engaging with innovation ecosystems means accessing a wealth of collective knowledge and assets. However, many corporations don’t fully reap these benefits because leaders fail to establish clear interaction goals. Often, leaders spread their efforts too thinly across superficial activities that provide little value to startups and investors. Additionally, coordinating innovation efforts across departments can be challenging for leaders. And this lack of coordination leads to unnecessary noise and confusion about whom to engage and for what purpose.

To establish clear goals for your interactions with innovation ecosystems and develop a targeted approach that aligns with stakeholders' needs and preferences, answer the following three questions:

1. WHAT do you want to acquire from (and offer through) the innovation ecosystem?
2. WHO do you wish to engage with, and who will engage from your side?
3. HOW will you engage, and will the approach ensure effective interactions?

1. WHAT do you want to acquire from (and offer through) the innovation ecosystem?

First and foremost, leaders must identify what resources they need to drive innovation and what they can offer to the ecosystem.

“When corporates fail to understand the needs of others – whether entrepreneurs, risk capital providers, or universities – they can fail in their engagement and in meeting expectations, despite having valuable and complementary. A negative reputation can be challenging to overcome”.

For example, a startup may need funding and mentorship to develop their product, guidance in navigating intricate regulatory and supply chain pathways, or access to infrastructure to support testing and scaling up. On its side, a corporation may want to access resources such as market insights and new distribution channels. In general, leaders can build mutually beneficial partnerships within the ecosystem by identifying all these needs in advance.

That being said, it's important to note that every ecosystem has unique requirements and traits. And to interact effectively with it, it's essential to deeply understand its features. And so, to determine your “WHAT”, you should:

- Identify the resources you need: identify the gaps in your organization's capabilities that need to be filled. Be specific about the resources you need so you can clearly communicate them to potential partners who can help fill the gaps.
- Determine what you can offer to the ecosystem: understand your organization's unique value proposition and expertise, and identify how this can contribute to the entire ecosystem. Be prepared to clearly articulate what you can offer and how it aligns with the ecosystem's needs.

2. WHO do you wish to engage with, and who will engage from your side?

Second, leaders have to identify the right partners from the diverse stakeholder groups in the ecosystem. Hence, they must decide who from their organization will engage with these partners.

A healthy innovation ecosystem draws value from – and delivers value to – five different kinds of stakeholders: universities, governments, corporations, entrepreneurs, and risk capital providers. You should select a partner based on your corporate's overall strategic goals and needs. For instance, if it lacks insights into future innovations, you should seek links with very early-stage ventures; conversely, if there's a gap in its near-term portfolio, you should engage with late-stage startups.

“There's a flip side to building the right relationships within the innovation ecosystem: who in the corporate should be the one engaging with them? Never send a team of lawyers to speak to the startup entrepreneur, as this will create problems and lead to failure”.

As a flip side to the “who” question, leaders should choose someone from their staff with the proper knowledge and experience to lead the engagement. And so, to identify your “WHO”, you should:

- Identify key stakeholders within the innovation ecosystem: research and analyze the ecosystem to identify key stakeholders and their roles– they should be as relevant as possible to your organization’s goals and needs. Prioritize stakeholders based on their potential impact on your innovation efforts and be open to exploring collaborations with partners that may have different perspectives or approaches.
- Determine who from your organization will engage with them: determine who has the expertise and knowledge to effectively engage stakeholders. Make sure they’re equipped with the required resources and support to succeed.

3. HOW will you engage, and will the approach ensure effective interactions?

Lastly, leaders must identify ways to engage and interact with ecosystems and ensure that these interactions are effective. For example, a corporation may host innovation challenges to engage with startups and identify potential partnerships.

“Too often, leaders put the cart before the horse, for example, by launching their organization into the ecosystem with a shiny new space or a single massive event while gaining little from these efforts other than publicity”.

However, you should plan how to engage with innovation ecosystems only after considering what your organization needs and the right partners to work with, i.e., the “what” and the “who”.

A common mistake leaders make is to invest in numerous hackathons, accelerators, competitions, and other challenges without having a clear strategic interaction plan. This unfocused approach may even create confusion among stakeholders.

Yet determining which mode of engagement matches the “what” and “who” can be really challenging. Using existing communities where entrepreneurs already gather is a good place to start! This will help you quickly develop a broad array of relationships than you could by targeting startups individually.

And so, to establish your “HOW”, you should:

- Identify the best approach for engaging with stakeholders: create a targeted approach for engaging with them using the information you’ve previously collected about them, such as their needs and preferred communication channels.
- Ensure that your interactions are effective: be clear about your objectives and the value you can offer the ecosystem. Listen actively to stakeholders to understand their needs and perspectives, follow up promptly, and deliver on commitments made to build trust and foster long-term relationships.

Extending Open Innovation – How to Orchestrate Your Knowledge Flows



Tobias Gutmann

Co-Director of the Institute for Technology, Innovation & Customer Centricity (TICC) at the European Business School (EBS)

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Open Innovation is about leveraging the collective intelligence of numerous individuals and organizations to solve problems.

It includes several distinct approaches, including open source, crowdsourcing, IP licensing, university collaborations, startup engagements, corporate venture capital, supplier-driven innovation, and user innovation – to name a few. All of these processes involve the flow of knowledge across organizational boundaries.

The main hurdles in open innovation are internal changes, dealing with resistance and internal complexities, and external relationship management. Overcoming these challenges is key to effective open innovation management.

Let's revisit the typical open innovation funnel—from ideation to scaling with an internal knowledge base and an external knowledge base. This sets the stage for the traditional Inside-Out and Outside-In open innovation approaches, like bringing startup technologies into the corporate or spinning off ventures. But of course, the reality within a company doesn't reflect a straightforward funnel. Internal knowledge barriers create silos, making it tougher for insights to flow smoothly.

These challenges don't fit perfectly within the traditional Open Innovation framework, which focuses on Outside-In and Inside-Out knowledge flows.

A more complete understanding of Open Innovation (incl. CVC) and its successful implementation requires an understanding of its role in increasing the permeability of internal knowledge boundaries, allowing for Inside-In knowledge flows from an Open Innovation/CVC unit to another corporate or business units.

Additionally, some of the most prominent current concepts from innovation management, such as ecosystems, are driven by knowledge flows that also don't fit within the traditional Open Innovation model. These include Outside-Out knowledge flows, which connect startups to each other and to important customers or complementary partners outside of the firm's internal boundaries.

Orchestrating Four Knowledge Flows

Let's illustrate this with a simple two by two matrix. On the supply side, we look at the origin of knowledge and distinguish between knowledge that originates inside or outside of the corporate boundaries. On the demand side, we look at where knowledge is applied, either inside or outside the corporate boundaries. We'll have four blocks showing four distinct knowledge flows.

- **Inside-Out:** focus on the externalization of internal knowledge into the external knowledge base
- **Outside-Out:** focus on the orchestration of external knowledge across external knowledge boundaries
- **Outside-In:** focus on the integration of external knowledge into the internal knowledge base
- **Inside-In:** focus on the connection internal knowledge across internal knowledge boundaries

The traditional knowledge flow that CVC focuses on is known as Outside-In. This is already well known, and involves, for instance, accelerating the market through investments in companies, projects, and ecosystems. CVC also works to establish collaborations between businesses and ventures, helping to close the innovation gap. In addition, CVC fosters and surrogates M&A, incorporating external knowledge to support these transactions.

CVC's role then shifts to Inside-Out, where the focus is on creating investable assets by validating if it makes sense to spin-off a corporate venture. CVC also evaluates internal knowledge and invests in corporate spin-offs. Finally, CVC serves as a mentor to corporate ventures, providing access to investors and customers, as well as sharing industry expertise to support intrapreneurs.

Overall, CVC's mandate is to support and accelerate innovation by bridging the gap between internal and external knowledge. By investing in companies and providing mentorship and expertise, CVC helps to create a thriving market for innovative ideas.

Outside-Out Knowledge Flow

In the Outside-Out model, CVC acts as an Ecosystem Enricher and Shaper, focusing on orchestrating external knowledge across boundaries.

Curating businesses – For instance, SAP.io, BASF Venture Capital, and Hitachi Ventures create exclusive workshops, events, or platforms for matching external partners to enhance both customer service and startup support.

Another practice is **promoting ecosystems** – which we saw at Hyundai Cradle and their involvement in H2 Mobility. Here, the CVC promotes working groups or ecosystems in order to accelerate a potential market's infrastructure.

Another practice is **validating pre-due diligence** – For example, in the case of an anonymized CVC we look at in the paper, where a customer of the corporate mother planned to do a proof of concept (PoC) with a startup the CVC wanted to invest in. To do so, the CVC leveraged the relationship of the mothership with the client, to incorporate the results of that PoC prior to a real due diligence. This saved time and money.

Sharing deal flow – Intel Capital highlighted the importance of sharing interesting ventures with other (C)VC units. This is part of the Venture Capital game and follows kind of a pay-it-forward principle.

Inside-In Knowledge Flow

At the Inside-In knowledge flow, CVC can be seen as Cross-Silo Knowledge Brokers. Here, the focus lies on connecting internal knowledge across internal knowledge boundaries.

For example, one practice is what we call **venture-informed decision-making**. Many of the CVCs we investigated were curating and sharing their external venture knowledge to guide the corporate executives' strategic decision-making. BASF Venture Capital, for instance, is regularly invited to strategy meetings to share their venture insights, that ultimately inform BASF's corporate (and business unit) strategy.

Another practice from BASF Venture Capital is **reciprocal exchange**, where CVC managers talk to experts from the business

units. They ultimately invested in a company that a colleague from the corporate parent recommended and would have been missed otherwise.

Finally, CVCs can **inspire intrapreneurs**; for example, Hitachi Ventures established a residency program, in which corporate employees have the opportunity to be mentored by CVC employees and work on real-world valuations and application within the venture world, to ultimately foster the entrepreneurial spirit of the mothership.

The Venture Client Model: A Breakthrough Vehicle for Corporations to Benefit Strategically From Top Startups



Gregor Gimmy
CEO at 27pilots

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To solve some of their business's critical problems, corporates increasingly work with startups that provide solutions to those problems.

Looking back at his tenure at BMW where he pioneered the venture clienting approach, they benefited from working with startups in various departments. There were issues across the entire value chain, such as the IT department, logistics, financial services, and the HR department that external startups could solve, better than existing technologies.

Beyond the immediate impact, startups also act as catalysts for change within large corporations, by fostering a culture of innovation and adaptability that can have a transformative impact across various facets of the business.

So, how does this work in practice?

Three Ways To Establish Startup Partnerships

First, let's zoom out and look at the broader startup ecosystem in a simplified way. A key player within the ecosystem is a startup that creates a solution for an unsolved problem. Venture capitalists play a role in financing these startups, and because they do extensive research to ensure the uniqueness of the solution, the startup's solution is often difficult to be imitated by existing players. Clients have a need that the startup's solution

aims to solve. So, essentially, there are three main players in this system: the startup, the venture capitalist, and the client.

As a client, you engage in the ecosystem to identify the right startups for the problems you encounter. Once you identify a startup, how do you integrate the startup technology into the organization?

To integrate startup technology into a corporate setting, there are two main options: establishing a partnership or acquiring the startup. The goal is to become a user of the technology, either exclusively or in a shared capacity through licensing. There are three distinct ways to establish a partnership with the startup, yet two of them are in most cases not viable.

1. Through Corporate Venture Capital (CVC)

The first approach is through CVC, which leaves the corporate with a minority stake in the startup. Yet this process is time-consuming, often taking over 12 months. Moreover, startups often aren't too keen on investments from corporate investors, especially if the corporate name is not well-known. This approach also requires a significant amount of capital.

Once the corporate venture capitalist has obtained a minority stake in a startup, they then need to promote the startup to the business units. This step is challenging as the business units often prefer to handle things on their own and may not prioritize working with the startup recommended by the CVC. To make things worse, the corporate VC does not automatically gain access to the startup's technology, creating a divide between the engineers in the business unit and the investors in the investment office.

To facilitate the integration of the startup's technology into the business unit, multiple additional steps are necessary, including purchasing contracts, legal contracts, and compliance requirements. This further delays the process, adding another 12 months or more. In short, the CVC approach is time-consuming and expensive.

2. Through Corporate Accelerators

Building an accelerator is another option, as it is more cost-effective than a corporate venture capital setting. However, also this approach doesn't actually transfer technology. Instead, the startup showcases the technology and its use cases during a demo day. The hope is that someone within the corporation would be interested in the technology. This sponsor would then support the startup, in monetary ways or otherwise. Unfortunately, this approach, commonly seen in programs like TechStars, also has low transfer rates into the company.

3. Through Venture Clienting

With this approach, the corporate directly buys and adopts the products of startups to gain immediate and measurable strategic benefits. It bridges the gap between startups and corporates efficiently, bypassing the pitfalls of traditional models.

Building a Venture Client Unit

To excel in working with startups within the Venture Client Model, it's essential to establish a dedicated unit or department. This is not something an innovation manager or business director can do on the side.

Just like any other department, it can be run in various ways. To tackle the most common challenges associated with corporate-startup collaboration, the model for a successful venture client unit offers four modules:

- **Startup Intelligence:** The first module is gaining intelligence about the startup ecosystem and identifying problems that startups can solve better. Funding trends often help in this process; a significant amount of investment flowing into a segment, such as \$100 million or more is an important signal. Once these problems are identified, the next phase involves validating the startup's solution through piloting.
- **Validation:** This stage should take place in the actual corporate environment, such as a factory or R&D department, to assess its effectiveness. Upon successful validation, the adoption phase begins.
- **Adoption:** This phase involves establishing long-term relationships with the startup through contracts or even investments. However, it is important for the venture client unit to have a clear strategy and structure for this partnership, including a defined vision, reporting lines, team size, budget, and KPIs.
- **Technology:** Lastly, technology plays a crucial role in managing the vast number of problems and startups in the venture client unit. Excel spreadsheets or basic CRM systems are no longer sufficient, necessitating the use of advanced technology to monitor and measure the unit's activities effectively.

Collaboration in Action: A BMW Case Study

Through their BMW Garage, BMW partnered with two startups to address the challenge of

driving cars autonomously out of the factory. Sasha Andrey, a project leader at BMW, explained that they took a different approach compared to traditional autonomous driving by not using vehicle sensors like LIDAR, cameras, or radars. Instead, they installed sensors along the driving tracks to remotely control the cars inside the plants.

To develop this technology, BMW collaborated with two startups: one from South Korea specializing in LIDAR perception software and another from Switzerland experienced in motion planning software.

One of the startups were discovered at a startup event. Another got onto the radar of the BMW Garage staff after seeing their race car videos online. Of course, first the startups were extensively screened to ensure they could deliver what BMW needed.

Then, the BMW Startup Garage acted as a liaison between the startups and BMW HQ. They helped the startups understand the workings of a big OEM like BMW and integrated them into the purchasing system quickly. On the other side, they made sure BMW HQ took a fair approach by not seeking to get the startups' intellectual property, but rather focusing on testing capabilities, and negotiating fair conditions.

The teamwork between BMW teams and the startups was crucial throughout the development process. The agility and flexibility of the startups was instrumental in further developing the technology and its application inside the factories. BMW are now optimistic that the technology will deliver vast efficiency improvements already this year.

Measuring Open Innovation



Dan Toma

Partner at OUTCOME and co-author of *Innovation Accounting and The Corporate Startup*

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Corporates can't build everything themselves – no matter how good they think they are.

When it comes to innovation, some initiatives may be too risky or outside of a corporation's capability zone, leading to a longer learning curve. Other endeavors may be too new or too complicated to initiate, and corporates may not have all the required skills in-house. This makes partnering with startups with the necessary capabilities more suitable.

This collaborative approach to innovation – also known as Open Innovation – can come in many shapes and sizes. From CVC funds to joint ventures and from M&A to free and paid pilots, anything is possible when large organizations seek to collaborate with startups.

Whatever the form of the collaboration, metrics and KPIs are crucial to its success. How to measure your corporate's open innovation activities?

Open Innovation: Pros & Cons

Corporations can't always undertake innovation on their own. Some initiatives may pose too much risk to consider building or require a lengthy learning process. Additionally, corporates may lack the necessary talent in-house to tackle new initiatives. Thus, collaborating with startups that possess the needed skills may be more convenient. These open innovation collaborations are mutually beneficial. On the one hand, startups gain access to money, reputation, customers, and industry insights.

On the other hand, corporates gain time (startups are way faster) and customer and tech insights.

There are four major types of corporate-startup collaboration in the open innovation context:

1. **Free or Paid pilots** (a "Free Pilot" refers to a trial or experiment where the startup provides its product or service to the corporate at no cost, often in exchange for feedback or the opportunity to showcase their solution to potential customers or investors. On the other hand, a "Paid Pilot" refers to a trial or experiment where the startup charges the corporate for using their product or service).
2. **Joint Ventures** (e.g., new product development, market research, technology research)
3. **Acquisitions** (more commonly referred to as M&As)
4. **Venturing deals** (more commonly referred to as CVCs)

Choosing the most appropriate collaboration option depends on your corporate's investment, risk, and commitment preferences, as well as the desired outcomes. Therefore, if you're willing to allocate significant resources to open innovation, paid pilots, M&As, and CVCs may be the most suitable options. Conversely, if you're concerned about overcommitting or are

at an early stage of the open innovation journey, free pilots and joint ventures may be preferable. By default, the level of investment reflects the level of risk taken.

However, not all partnerships are guaranteed to succeed. Statistics show that 38% of partnerships with seed-stage startups fail, while 27% of partnerships with series-A startups (i.e., the next funding round after seed funding) fail. Partnership failure can often be attributed to corporates' lack of readiness and maturity to conduct open innovation.

“Open innovation is not the silver bullet for a failing corporate innovation ecosystem”.

In other words, if your organization can't manage innovation effectively, partnering with startups will not improve the situation—you'll just move from 'Innovation Theater' to 'Open Innovation Theater'. Also, it's essential to approach each type of collaboration differently and not assume that a one-size-fits-all approach will work. If you excel at CVC, it doesn't necessarily mean that you'll be equally good at piloting or joint venturing with startups, and vice versa. Continuously monitoring and improving these collaborations is equally important. How to measure the four most popular open innovation types?

Measuring Open Innovation: Framework & KPI's

To effectively manage and evaluate your open innovation initiatives, it's crucial to identify the key performance indicators (KPIs) that need to be measured at the program level. Once these KPIs are determined, they can be tailored to the specific type of open innovation being employed, to measure your activities.

The framework to use has a funnel view and is structured around three phases: demand, live,

and outcome. It emphasizes the importance of measuring open innovation activities throughout the entire innovation process, from identifying needs and opportunities to evaluating results.

Tracking and analyzing essential metrics or KPIs at each stage of the process can help you enhance your organization's open innovation efforts, recognize areas for improvement, and attain better outcomes and improved performance. Additionally, each phase of the framework includes specific KPIs that may vary based on the type of collaboration being considered. In the next section, we will examine what this means practically.

Demand phase: do startups seek this collaboration type? What is this telling us about the future?

During the Demand phase, it's crucial to determine if startups are interested in collaborating with the corporate, and vice versa. This involves assessing the level of demand for a particular type of collaboration, identifying potential trends, and making informed decisions about the future of your innovation activities. To measure the success of this phase, you can track KPIs such as the number of requests received or sent for paid and free pilots, joint ventures, M&As, or corporate venture capital investments in a given period. Another useful KPI is the average cost of attracting a pilot, a joint venture proposal, or a potential venture/acquisition candidate.

Live phase: how is the collaboration going? Are there any unexpected issues we can solve before it's too late?

The Live phase of the funnel measures ongoing collaborations. During this phase, it's essential to closely monitor the progress of your collaboration and identify any

unexpected issues that may arise. By doing so, you can take corrective action before it's too late. To measure the success of this phase, you can track KPIs such as the number of initiated pilots, projects, acquisitions, or investments in a given period. Additionally, it's crucial to assess progress towards pre-defined goals that have been agreed upon in advance.

Outcome phase: what impact did this collaboration type have? Is this what we were expecting?

The Outcome phase consists of measuring the impact a specific completed collaboration had on the corporate. This involves assessing the success of various collaboration types and deciding which ones are most profitable for your organization. To measure the success of this phase, you can track KPIs such as the average cost of completing one pilot, joint venture, acquisition, or investment in a given period. Additionally, it's crucial to measure the new revenue generated as a result of the acquisition or investment made.

Using this funnel-based approach and its three phases, we can now explore how to measure a collaboration with a startup around free or paid pilots, joint ventures, acquisitions, and venturing deals.

Measuring Free and Paid Pilots

Demand phase: for this type of collaboration and this first phase of the funnel, you should track the following KPIs:

- Number of requests received/sent for either of these two types of collaborations per unit of time.
- Average cost of attracting one demo (this might include the travel budget of the startup collaboration team or certain event sponsorships).

Live phase: for this type of collaboration and this second phase of the funnel, you should track the following KPIs:

- Percentage of initiated demos from the total proposed (for added clarity, this should be ideally computed separately for each type of demo).
- Invested capital per unit of time (for paid demos).
- Average invested capital per unit of time (for paid demos).
- Invested resources in a unit of time for either of these two types of collaborations (e.g., time investments).
- Average invested resources per unit of time for either of these two types of collaborations.
- Progress in accordance with a pre-agreed roadmap and towards pre-defined goals.

Outcome phase: for this type of collaboration and this third phase of the funnel, you should track the following KPIs:

- Percentage of completed pilots from the total initiated.
- Average cost of completing one demo per unit of time, including both the cost of the Demand phase and the cost of the Live phase.
- Collaboration-specific outcomes, which will most likely vary from demo to demo, but they should be mutually agreed upon at the beginning of each demo (e.g., if the collaboration aimed to reduce the onboarding time of new clients for a corporate-developed solution by utilizing a startup-owned technology, the key result indicator to track would be the reduction in onboarding time).
- Average time to outcome.

Measuring Joint Ventures

Demand phase: for this type of collaboration and this first phase of the funnel, you should track the following KPIs (for further granularity, these indicators can be tracked by the type of joint ventures, such as new product development, market research, or technology research):

- Number of requests received/sent for joint ventures per unit of time.
- Average cost of attracting one joint venture proposal per unit of time (this might include the travel budget of the startup collaboration team or certain event sponsorships).

Live phase: for this type of collaboration and this second phase of the funnel, you should track the following KPIs:

- Number of projects initiated per unit of time.
- Percentage of projects initiated from the total received and sent per unit of time.
- Invested capital per unit of time.
- Average invested capital per unit of time.
- Invested resources per unit of time (e.g., time investments).
- Average invested resources per unit of time.
- Progress in accordance with a pre-agreed roadmap of the joint venture and towards pre-defined goals.

Outcome phase: for this type of collaboration and this third phase of the funnel, you should track the following KPIs:

- Average cost of completing one joint venture per unit of time, including both the cost of the Demand phase and the cost of the Live phase.
- Collaboration-specific outcomes, which will most likely vary from joint venture to joint venture, but they should be

mutually agreed upon at the beginning of each demo (e.g., new revenue from products co-developed or resources spent per insight obtained in the case of technology research).

- Average time to outcome.

Measuring M&As

Demand phase: for this type of collaboration and this first phase of the funnel, you should track the following KPIs:

- Number of requests sent for acquisitions per unit of time.
- Average cost of scouting one possible acquisition candidate per unit of time (this might include costs associated with due diligence etc.).

Live phase: for this type of collaboration and this second phase of the funnel, you should track the following KPIs:

- Number of initiated acquisitions per unit of time.
- Percentage of initiated acquisitions from the total sent per unit of time.
- Total invested capital per unit of time.
- Progress in accordance with a pre-agreed roadmap of the joint venture.
- Progress towards pre-defined goals.

Outcome phase: for this type of collaboration and this third phase of the funnel, you should track the following KPIs:

- Average cost of acquiring a startup per unit of time, including both the cost of the Demand phase and the cost of the Live phase.
- New revenue generated per unit of time as a result of acquisition made.
- New revenue to cost ratio (total cost of acquisition, including the internal costs such as salaries of the responsible people) per unit of time.

- Assets appreciation per unit of time.
- Assets appreciation to cost ratio (total cost of acquisition, including the internal costs such as salaries of the responsible people) per unit of time.
- Collaboration-specific outcomes, which will most likely vary from acquisition to acquisition, but they should be agreed upon when the acquisition is made (e.g., market capitalization).

Measuring CVCs

Demand phase: for this type of collaboration and this first phase of the funnel, you should track the following KPIs:

- Number of requests received/sent for venturing per unit of time.
- Average cost of attracting one possible venture candidate per unit of time (this might include the travel budget of the startup collaboration team to certain hubs or certain event sponsorships).

Live phase: for this type of collaboration and this second phase of the funnel, you should track the following KPIs:

- Number of initiated investments per unit of time.
- Percentage of initiated investments from the total requests received and sent per unit of time.
- Total invested capital per unit of time.
- Average ticket size (investment) per unit of time.
- Average stake taken in ventures per unit of time.

- Progress in accordance with a pre-agreed roadmap of the joint venture and towards pre-defined goals.

Outcome phase: for this type of collaboration and this third phase of the funnel, you should track the following KPIs:

- Average cost of taking a stake in a startup per unit of time, including both the cost of the Demand phase and the cost of the Live phase.
- New revenue generated per unit of time as a result of investment made.
- New revenue to cost ratio (total cost of venturing, including the internal costs such as salaries of the responsible people) per unit of time.
- Assets appreciation per unit of time.
- Assets appreciation to cost ratio (total cost of venturing, including the internal costs such as salaries of the responsible people) per unit of time.
- Collaboration-specific outcomes, which will most likely vary from venture to venture, but they should be mutually agreed upon at the beginning of each collaboration (e.g., market capitalization).

By measuring key metrics at each phase, you can make data-driven decisions that optimize your innovation efforts and maximize your chances of success. This includes identifying areas for improvement, tracking progress in developing and implementing new ideas, and identifying potential challenges or obstacles that may need to be addressed.

In Innovation, 1+1 Can Be Greater Than 2



Shruti George

Vice President of Strategic Innovation Platforms
at Avery Dennison

In 1935, Stan Avery introduced the world's first pressure-sensitive sticker. Off the back of a US\$100 loan, he created and patented the world's first self-adhesive die-cut labeling machine, and The Avery Dennison Corporation was born.

For almost 90 years, Avery Dennison generated most of our remarkable growth by innovating from within, hiring the best talent and building research facilities across the world.

As we continue to invest in our internal capabilities, improve collaboration between our different areas and regions, enhance our go-to-market strategies and continuously strengthen our product portfolio, we realize that we can't do it all. This approach acknowledges that game-changing ideas can emerge from any source, compelling us to remain open and receptive to insights from anywhere.

In 2022, we turned to open innovation as a tool in our toolbox to launch the AD Stretch program. AD Stretch is a non-dilutive startup accelerator focused on customer engagement, sustainability, and materials innovation that offers a pilot-based program to startups with proven sales and go-to-market experience, the ability to innovate and the vitality to engage with Avery Dennison. The accelerator aims to unite the financial, R&D and vast technical resources of Avery Dennison with startups to create impactful solutions.

As tech and B2C companies forge ahead into the next horizon of startup engagement, conventional accelerators become commonplace. AD Stretch, however, was an industry first, propelling Avery Dennison into uncharted territory, embracing a new and forward-thinking approach.

In just 18 months, the accelerator program has grown from launch mode to a thriving program that fielded over 500 applications from over 35 countries and created pilot programs for 14 startup businesses.

Our AD Stretch program is a testament to our dedication to pushing boundaries. Through a unique blend of enablers, the program sets itself apart as a catalyst for groundbreaking ideas – propelling us toward a more sustainable world.

Making the Value Proposition Personal

Our program takes the value proposition of open innovation to a whole new level by tying it to specific business challenges. This resonates well with our leadership, but we understand that it may not immediately connect with our frontline employees. That's where the program's core team comes in,

bridging the gap and enabling our frontline teams to unleash their experimental spirit and collaborate with startups. It is important that the program is not seen as an additional obligation to employees but rather as an opportunity to enhance the results of their current work.

By aligning the benefits of the program directly with their roles and daily work, we ignite a sense of purpose and engagement that goes beyond expectations.

Creating Spaces for Fearless Experimentation

Innovation is born from a willingness to take risks and explore new territories of ideas and possibilities. That's why we foster experimentation spaces within the AD Stretch where the only expected outcome is learning. We understand that not every pilot will succeed – and that's okay. Each pilot, successful or not, teaches us invaluable lessons.

By encouraging our teams to embrace small, contained experiments and empowering them to try without the fear of failure, we are cultivating a culture of courage and resilience. These safe spaces provide the necessary environment for innovation to flourish, where our employees embrace risk-taking as a vital element of progress. Our commitment to continuous improvement and adaptability drives us forward, turning failures into stepping stones toward success.

Empowering Teams with Shared Budgets

We recognize that the power of collaboration between businesses and startups often faces budget constraints, but ideally, we should not let financial limitations hinder the pursuit of innovation. That's why the AD Stretch equips teams with a small, shared

budget for pilot execution. By doing so, we unleash the full potential of our teams and their partners, ensuring that promising ideas do not go unrealized due to financial barriers. This shared budget approach enables us to maximize the impact of our pilots and paves the way for transformative collaborations.

Going to Where the Need Is

At Avery Dennison, we believe in going beyond traditional approaches. Instead of starting in the traditional “big regions,” we took a bold step and launched our accelerator in Latam and APAC.

Our commitment to these regions was not merely a trial; it was a genuine dedication to fostering innovation on a global scale. And the response was overwhelming. Eighty employees from various levels, from VPs to operators, eagerly signed up to mentor our startups.

By creating engagement points across the regions after two cohorts, we have expanded the AD Stretch Accelerator globally, magnifying its impact and embracing a truly inclusive innovation ecosystem.

Leveraging the Power of FOMO

Fear Of Missing Out (FOMO) is a force that compels individuals and teams to step out of their comfort zones and actively participate. By creating an environment that generates a feeling of being outside and not participating, we ignite a deep sense of curiosity and drive to be part of the innovative journey. FOMO becomes our secret weapon, inspiring employees to engage and bring out the best in each one.

Turning Ideas into Impact

The collaboration between Avery Dennison and startups within the AD Stretch program

has yielded tangible outcomes. Moree is a UK-based startup that offers food brands flexible, reusable packaging for dry food with a platform that tracks packaging, rewards customers for their returns, and provides valuable data on plastic, carbon, and cost savings.

When Moree joined AD Stretch, we co-developed the pilot with The Modern Milkman to test a reusable, flexible film for bread and other baked goods. During the pilot, we developed a fully circular label that could resist Moree's washing cycle and tested RFID tags in the package to improve supply chain traceability.

"Labeling is critical to making packaging a success, but we lacked capabilities and knowledge in this area," says Dejan Mitrovic, co-founder of Moree. "AD Stretch has allowed us to access expertise that Avery Dennison has and we don't. Getting advice from a bigger company has been helpful. I don't know how we could have gotten to where we are without them."

Another participant, Cellr, developed a platform that enables brands to connect their physical products to endless digital experiences that showcase the power of

connected packaging to deliver tailored consumer engagement and targeted messaging while enabling brand owners to make data-driven strategic decisions. By leveraging Avery Dennison's extensive expertise in digital ID solutions, the AD Stretch pilot opened up exciting new horizons for Cellr. This collaboration amplified Cellr's go-to-market strategies and empowered the startup to understand previously untapped.

"Being part of AD Stretch has opened doors to many markets much faster than we could have done ourselves. The project's champions and mentors were instrumental in Cellr successfully running pilots across different segments", says Chris Braine, CEO and co-founder of program participant Cellr. "We truly learned what it takes to stand on a global stage with a purpose. Scaling up with a brand like Avery Dennison is a game changer, and we are very excited to see where this journey goes next".

As we celebrate the small and significant steps achieved through the AD Stretch Accelerator, it is clear that our commitment to innovation knows no bounds. Each milestone reached signals our progress toward sustainability, where materials innovation plays a pivotal role in shaping a better future.

Venture Clienting at BSH Home Appliances: Clear Focus > Tangible Impact



Lars Christian Roessler
Head of Global Corporate Venturing | BSH Startup Kitchen at BSH Home Appliances Group

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The venture client model is a relatively new model for corporate-startup collaboration.

First engineered at the BMW Startup Garage in 2015, the model involves corporates acting as clients to startups at a very early stage.

BSH has endorsed this approach, preferring it to accelerators and incubators. The multinational company is known for its home appliances, making consumers' lives better and creating enjoyable engagement and experiences. Like most industries, innovation is happening on both the physical and digital level.

Over the years, BSH has tested and then eliminated certain forms of startup collaboration, such as accelerators and incubators, as they did not see the desired impact. They believe that these methods are more suitable for building an innovation brand and inducing a startup mindset within an organization. They believe that corporate venture capital only makes sense when done at a large scale as a pure play financial investor, or when used to create deal flow for potential mergers and acquisitions.

Venture Clienting To Solve Business Challenges

They chose to do venture clienting, based on a solid foundation with four key pillars: clear goals, the right approach, measurable KPIs, and effective operations.

They start by identifying specific challenges or needs within the core business, proposed by decision-makers. Then, they go out and find the best startup solutions, make the match and support the validation.

As a service unit, the value they bring to the business is increasing speed and effectiveness in implementing startup technologies supporting and facilitating business teams in their innovation development efforts. They do they startup screening, with access to relevant local and global startup sources, leverage simplified processes to initiate startup pilots, plus strong PMO support and test relevant technology aspects in pilots to validate the potential value and overcome doubts or resistance internally.

As they are partners providing a service to the business team, it's up to the business to pay for the PoC. In fact, that decision serves as a litmus test to determine if the stakeholder has the buy-in and resources to scale the solution if the PoC is successful. The execution of the POC varies depending on the specific challenge, whether it involves coding, joint installations, or using live data in a test market. The key is to ensure the POC is relevant and proves that the solution can fulfill the desired job and meet the key performance indicators (KPIs).

Expanding The Scope For Short-Term Impact

While the company's initial focus was on product innovation, they have realized the potential for benefits in other areas. They now work on product innovations, manufacturing, production, logistics, and business-enablers such as marketing and e-commerce. They recognize that integrating solutions in these areas compared to product is often easier and less dependent on internal R&D processes, which can be time-consuming in a hardware-driven company with product cycles of 5 to 8 years.

Implementing solutions in areas like last-mile delivery, the impact can be seen within months rather than waiting several years. Their portfolio of activities is designed to balance product innovations, production technologies, and business enablers, while also exploring new growth areas such as new business models.

To create traction, it is important to be clear about the goal of creating impact for the company and transparently communicate this to all stakeholders. They track and share project progress and the maturity of the solutions within the organization. Adoption and scaling rates are key metrics

that follow, with one out of five projects so far considered a success, acknowledging that it often takes 1,5 years for benefits to materialize. The business impact has been significant, with cost synergies and efficiency gains of over 20 million, making the investment in startup solutions highly valuable compared to other forms of innovation investment.

Lessons Learned

BSH has learned several key principles over the past years that are worth following. Firstly, effective communication is crucial, but it should not be just for show. The goal should be to create business impact and support the corporate goals.

Secondly, working with startups requires discipline, processes, and good communication, both internally and with the startups. Transparency and resisting the temptation to hide things is important for long-term success.

Lastly, the PoC is not the end, but rather the beginning of scaling the solution into the core business. It is important to avoid the trap of relaxing after the PoC, even though these are often quite stressful. That's only when the journey to impact to start.

A Collaborative Ecosystem



Jan Beger

Senior Director Digital Ecosystem at GE HealthCare

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No single entity can drive innovation alone.

This is especially true in the healthcare sector, where significant workloads and regulation and oversight act as barriers to innovation. Perhaps it is for these reasons

that the healthcare sector lags behind in digital transformation. Yet, opportunities for innovation abound.

Technology and AI-driven solutions can address challenges such as managing the massive amounts of data generated in healthcare, the shortage of healthcare professionals, and the increasing complexities in care pathways.

Co-creating with ecosystem partners is an effective way to pool the ideas, skills, and resources required for meaningful innovation in healthcare. By fostering an ecosystem of innovators, healthcare companies can implement and adopt novel digital solutions in their hospital workflows.

Startups from industries like automotive and aerospace are now entering the healthcare domain, realizing the potential for applying their expertise. However, many of these newcomers struggle to identify the right use cases or understand the medical and clinical domains. To address this, GE HealthCare bridges the gap between digital innovators and healthcare providers. By bringing these two worlds together, they can collaboratively develop effective solutions for specific use cases.

Through design thinking workshops, the company identifies the most pressing healthcare delivery problems and co-create solutions within a defined timeframe. The goal is to build digital solutions that can be successfully implemented into healthcare systems. They have found the collaborative approach to be effective in driving positive change in healthcare.

Working with a few startups and healthcare providers on specific problems carries the risk of creating customized solutions that may not be easily scalable or applicable in other healthcare systems. To address this, validation partners, such as healthcare institutions from different countries and categories, are involved for a second opinion. Their outside perspective helps ensure that

solutions are not only problem-solving but also commercially scalable across various healthcare systems worldwide.

Selected startups are following a structured process that includes several milestones at which an assessment is made to continue or not. The ultimate objective is to help these companies commercialize their solutions, integrating them technically into the GE Healthcare platform and establishing distribution agreements.

The selection process is rigorous, ensuring that only a small number of startups are chosen. This allows for focused support and collaboration, including technical integration, generating feedback from healthcare providers, running pilots, and seeking distribution agreements for successful solutions. The aim is to maximize the business growth of the startups by leveraging the resources, expertise, and funding available.

The number of startups in the program is kept low also due to the heavy workload of healthcare institutions and providers. These institutions are often overwhelmed, resulting in long waiting times for appointments and limited availability of clinicians and nurses during their day-to-day duties.

GE HealthCare does not pay startups to join the program nor do they pay healthcare providers to participate. Instead, they focus on providing value in other ways, such as expertise, guidance, and connecting startups with experts in the field. They have a clear understanding of the value proposition for each potential partner.

GE HealthCare invests a significant amount of time and effort in the preparation phase of the program, which takes about six months. This preparation is crucial to ensure the program's success from the beginning.

The innovation team, startup accelerator team, and collaboration team at GE Healthcare are made up of volunteers. These individuals have day jobs in different business units within the company but dedicate a few hours each week to work on the program. The team's passion and drive to make an impact contribute to the success of the program. In healthcare, running such a program provides access to a diverse group of experts in the medical and technology fields.

These individuals receive visibility in front of leadership and external events, creating opportunities for growth and development.

The program is also utilized as a stretch assignment in different leadership programs, ensuring a constant stream of talented individuals to work with. The presence of an advisory board helps guide and steer the program towards its vision and objectives.

The Generali Approach to Open Innovation



Filippo Maria Stefania
Group Innovation Scouting Manager at Generali

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Innovation everywhere for everyone.

That's the motto for innovation at Generali, a leading insurance group in Europe with a global presence. It refers to the belief that innovation can come from anywhere, both within the company and from external sources.

As a 190+ years old company, innovation has always been a central focus and remains a core part of their current strategic plan. Innovation is a catalyst to drive business outcomes, and an enabler of growth, differentiation, new solutions, and talent acquisition.

This understanding has led to the establishment of an innovation platform that encompasses various pillars to harness the full potential of innovation.

Open Innovation Through CorpUp

Open innovation can be compared to a high-speed highway where ideas are quickly launched, prototyped, and executed. The infrastructure for such a highway requires the right tools to reduce redundancies and wasted efforts.

To effectively collaborate with startups, they have set up two large CorpUp Studios where prototypes of new products and business models are created, to be fed into BU's or continue their development as new venture.

CorpUp studios are physical spaces in separate locations, HITS House of Insurtech in Zurich, Switzerland, and Future4care with

a focus on health tech in Paris, France. They ensure that collaboration between a Generali entity and startups produces concrete and measurable results, in an efficient and industrialized way (i.e. without “reinventing the wheel” each time).

To attract the right talent, CorpUps focus on entrepreneurial profiles who have experience working with startups or have been intrapreneurs themselves. The opportunity to make innovation happen quickly, combined with the scale of a large corporate, is appealing to these talents.

Governance is like a good haircut – you only notice it when it’s not there. Generali’s CorpUps are protected against the daily doses of bureaucracy that is inevitably part of large corporations.

The company believes that a platform approach works best in managing innovation in a larger, decentralized group. Their platforms, which are shared by the entire organization and by all business units, are helpful in avoiding the pain-points common in any multinational group. It is common to lack global visibility of ongoing projects, leading to redundancies and wasted effort. This problem is particularly pronounced in open innovation contexts where different business units may be working on similar projects with the same startup without knowledge of each other’s efforts.

A platform helps avoid redundancies and duplications that often occur in multinational groups. Also, it can break down internal silos and foster collaboration, facilitating convergence and scaling of innovation across the company.

Democratizing Innovation Through Innovation Fund

Beyond their open innovation efforts, the company’s Innovation Fund supports ideas from anyone within the company. The fund allows any employee of Generali to launch new ideas and execute innovation, prioritizing early stage and bold ideas.

The fund has received immense attention, receiving more than 340+ ideas of which 150+ have been funded. It is powered by two main engines: an early-stage engine and an acceleration engine. Through the early-stage engine, Generali is able to fully fund up to €50,000 for projects that are in their early stages. Idea owners only need to share a PowerPoint presentation of their project.

The acceleration engine is dedicated to projects at a mature stage and co-funds up to 50% of the project. The project owner is able to present the project before Generali’s internal innovation board, similar to a classic VC board. The board evaluates projects and decides which one to fund. The focus is predominantly on Horizon 2 and 3 projects, with Horizon 3 projects receiving full funding.

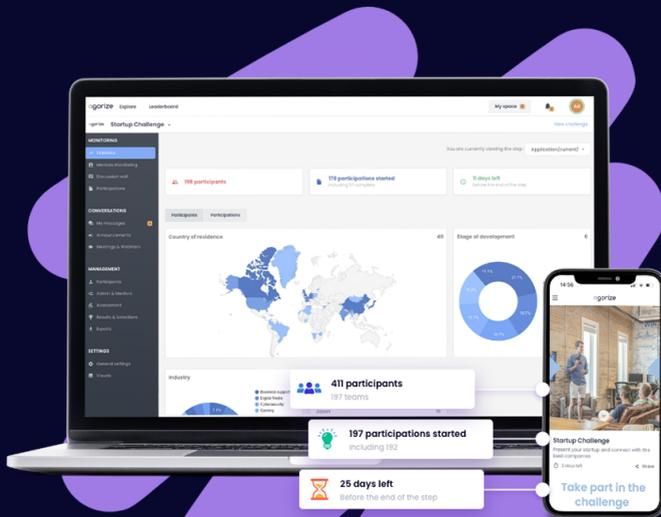
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Innovation Culture & Capabilities

Always Change A Winning Innovation Team: Why Reinvention And Change Are Prerequisites For Innovation



Sebastian Hamers
CEO at Human Insight

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The right people in the right place are key to meeting current and future growth challenges.

In the current rapidly evolving business environment, staying innovative, agile, and resilient is increasingly difficult for corporates. Without the right people in the right positions, meeting these growth challenges can become even more daunting.

Is there a blueprint for building innovation teams that maximize individual contributions to organizational growth?

The Growth-Curve and Talent of People

In the business world, Growth-Curve or S-Curve is a pattern that applies to everything that “grows”, including organizations. This curve consists of four main phases: ideation, investment, scale-up, and maturation. Successfully navigating each phase requires a unique set of resources and mindsets.

As soon as an organization reaches maturity, it becomes necessary to identify and pursue the next Growth-Curve to remain relevant. However, many corporates fail at this crucial juncture, as evidenced by Nokia, BlackBerry, and Kodak. All three were once dominant players in their respective industries but lost market share and relevance due to their failure to identify their “next S-Curve”

and adapt their strategies and business models to new technologies and changing consumer preferences.

“As soon as an organization reaches the maturity phase, it becomes essential to identify and pursue the next S-Curve to stay relevant. Unfortunately, this is where many companies stumble”.

Understanding an organization’s current position on the Growth-Curve can provide valuable insights for both business and innovation leaders. In fact, it can help them anticipate the challenges of each phase, prepare for the future and, most importantly, identify the people required to facilitate efficient growth.

As we all know, innovation requires diversity in terms of skills, capabilities, and attitudes within teams. If we were to place the major characteristics of individuals within a team on a Growth-Curve, we would typically find that talents with entrepreneurial spirits are situated on the left bottom side, namely the early stages of the curve. On the other end of the spectrum (the maturity stage) are individuals who excel at optimizing existing processes. Those in the middle like to roll up their sleeves, test new ideas, and fine-tune business operations. Identifying these

characteristics can help build teams that are balanced and better equipped to navigate the various stages of the innovation journey.

It's important to emphasize that individuals have innate abilities to drive growth. These inherent strengths can be further nurtured and refined to expand their potential contribution to various phases of the Growth-Curve, beyond their natural inclinations. However, it's not feasible for anyone to continuously contribute to all phases of the curve, as this can lead to burnout.

“Innovation is a relay race. Nobody can contribute to all aspects of the Growth-Curve”.

Innovation can be compared to a relay race, where different teams with different skills take over as the innovation journey progresses. Like in a relay race, innovation requires a high degree of coordination and teamwork where each team – from R&D to Sales to Operations to Accounting – has a specific role to play and must pass the baton smoothly to the next team. They all need to work together to ensure that the innovation journey proceeds efficiently. Each team must also understand the progress that has been made by the previous team and build on that to ensure the journey continues without any hiccups.

Collaboration among diverse teams with varying skill sets in different phases is essential. In fact, focusing solely on the early stages of the curve can be expensive and time-consuming. Moreover, not all ideas will eventually succeed in the marketplace. Similarly, focusing only on optimizing the business can lead to complacency and resistance to change, making it difficult to adapt to new market conditions or emerging technologies. At the same time, focusing only on both ends of the spectrum and overlooking the phases in the middle can lead to operational gaps.

In order to avoid all the pitfalls mentioned above and prevent corporates from becoming irrelevant or outcompeted, it's crucial to manage the entire Growth-Curve. This requires a multifaceted, ambidextrous leadership approach that leverages different skill sets at various curve stages.

The AEM-Cube is an assessment tool that can help you map out how people interact naturally with change, to identify the best-suited individuals for the various stages of the curve. In the following paragraph, we'll delve into the main features of the AEM-Cube and explore how it can be applied to optimize team dynamics in managing the Growth-Curve.

The AEM-Cube: Assessing the Natural Contribution of Your Teams

The AEM-Cube is a valuable tool to assess whether your organization has the right people in the right positions to effectively tackle present and future growth challenges. This web-based questionnaire is quick and easy to complete, with respondents providing self-perception feedback and receiving combined feedback profiles from co-workers or other individuals in their environment. The AEM-Cube is based on the three dimensions of change and growth: Attachment, Exploration, and Managing Complexity. By evaluating individuals' natural inclinations and contributions to overall growth, this assessment tool can help you effectively position and utilize their potential.

One of the key benefits of the AEM-Cube is its ability to construct Growth-Curves that align personalities in a relay-like sequence, matching people's specific contributions to the successive phases of the curve. It identifies three key characteristics of an individual: first, to which phase of a Growth-Curve the person contributes; second,

whether the person is more inclined towards technological or commercial Growth-Curves; and third, whether the person is focused on a specific part of the Growth-Curve or on the integration of larger parts or even the entirety of the curve. Armed with this information, you can ensure that your organization has the right teams in place to successfully navigate the challenges of growth and change.

It follows that the three questions defining the AEM-Cube's relationship with the Growth-Curve are:

1. Where do people contribute optimally to the Growth-Curve?
2. Is the contribution focused on relationships or content?
3. Is the contribution integrating or differentiating?

1. Exploration Dimension: Exploration vs. Optimization

The first question is based on the exploration dimension (exploration vs. optimization). Here the AEM-Cube helps answer where individuals can best contribute to the Growth-Curve position. For example, a respondent who scores high to the right (the exploratory side) typically has feedforward-steering characteristics that are in sync with the early stages of the Growth-Curve. On the other hand, a respondent who scores high to the left (the optimization side) of the AEM-Cube, typically has feedback-controlling characteristics that align with the later stages of the Growth-Curve.

2. Attachment Dimension: People vs. Content

The AEM-Cube can also provide insight into whether team members are primarily focused on relationships with customers, clients, and users or content. In other words, it is useful in determining if people are more relationship-

oriented or expertise-oriented. It's interesting to note that these two characteristics are interconnected and equally essential at every stage of the curve.

3. Managing Complexity Dimension: Generalist vs. Specialist

Lastly, the AEM-Cube answers the important question of whether a person's contribution is more specialized or more generalist, which is crucial in determining their fit for a particular phase of the curve. Those who score low on this dimension tend to focus less on the bigger picture of the organizational ecosystem and more on their specific contribution, limiting their impact to a particular area of the curve. Conversely, those who score high are highly attuned to the entire organizational ecosystem and the integration of their own contribution, allowing for a more generalist approach that encompasses the whole curve.

What About Innovation Leadership?

Innovation leaders can effectively balance innovation with efficient management of the current business by adopting an ambidextrous mindset that prioritizes both. This requires understanding where resources are needed and ensuring that the right people are in the right positions to achieve desired outcomes. Different skills are valuable at different phases of the growth journey, so it's important to have a mix of characteristics within teams. If we divide the Growth-Curve into three horizons, we understand how to put these concepts into practice:

- At the beginning of the curve is Horizon 3, where the focus is on uncovering options for future opportunities and placing early bets on selected options. The desired outcome is to have an initial project plan and project milestones. Here team

members should have a high level of Exploration characteristics, with a focus on inventing and generating new ideas. These individuals should be comfortable with ambiguity and uncertainty, have a strong creative mindset, and be willing to take risks.

- As you progress on the curve, you get into Horizon 2, where the focus is on pursuing top-line growth to increase revenue, sales, and market share and attract new customers. The desired outcome is to define investment budgets and detailed business plans. As such, Horizon 2 team members need a mix of Attachment and Exploration characteristics. They should have a solid understanding of the organization's current business model and market position, as well as an ability to identify growth opportunities. These individuals should also be able to take calculated risks and have a strong desire to innovate and pursue new ideas.

- Lastly, on the upper right edge is Horizon 1. Here the focus is on executing to defend, extend, and increase the profitability of the existing business. The desired outcome is to have detailed annual planning and forecasting for growth through adjacencies. Thus, team members need to have strong Managing Complexity characteristics, with a focus on optimizing and streamlining existing operations. They should have a deep understanding of the organization's current business processes, systems, and customer base and be able to identify opportunities for improvement and efficiency. These individuals should also be skilled in project management and focus on delivering results.

By leveraging the AEM-Cube and understanding the characteristics needed for each horizon, innovation leaders can ensure they have the right mix of skills within teams to succeed at each phase of the growth journey.

Kill The Experts: Why People Inhibit Innovation



Michael McCathren

Author of "6Ps of Essential Innovation" and Sr Principal, Enterprise Innovation Sr Principal, Enterprise Innovation at Chick-fil-A, Inc

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Often, only certain departments receive recognition for innovation, leaving others feeling excluded.

Creating a culture of innovation isn't about just labeling a company as innovative. The key is to empower and inspire everyone, even those in entry-level roles, to think innovatively and be equipped to act innovatively.

This comprehensive approach, instilled from leadership down to the newest team members, builds a collective power of innovation. Innovation is not about what we do but how we think about what we do.

From “Projects” to “People”

To foster this mindset shift, leaders need to model innovative behaviors, challenging the traditional management mindset. Studies show that expertise hinders innovation, as with growing expertise comes a sense of rigidity that makes it harder to even recognize possibly new and better ways even when they're right in front of us.

By shifting our focus from our projects and tasks to understanding the people we serve. Using the Japanese philosophy of “*mono no aware*,” a compassionate sensitivity to things outside ourselves, we can prioritize the needs of those we serve, allowing innovative ideas to surface naturally. The emphasis shifts from individual expertise to serving others better, fueling a culture of innovation.

From “Statements” to “Questions”

Recognizing a leader with the right innovation mindset involves observing certain behaviors. Trust is a crucial factor, and leaders should respond to ideas with curiosity, asking questions instead of making statements. Becoming adept question-askers is a challenge, but it's essential. Leaders can practice by monitoring their question-to-statement ratio in meetings, fostering a culture of inquiry.

Another trust-building behavior is establishing idea equity, where leaders emphasize that once an idea is shared, it belongs to the entire team. This ensures that ideas are evaluated with equal weight, irrespective of the person's title or position. In truly innovative cultures, meetings echo with diverse voices asking questions, while less innovative cultures may have a dominant leader making statements.

For example, Pixar is a notable example of an organization that transformed its approach

to foster innovation. Initially, creative discussions were limited to a table where only directors sat, leaving designers and fresh thinkers out. Ed Catmull, Pixar's leader, recognized the need for change and shifted the dynamics. He brought everyone to the table, encouraging questions and eliminating the hierarchy. This shift faced challenges due to egos and the discomfort of change but highlighted the importance of breaking down barriers for a collective and innovative “we” mindset.

From “Delivery” to “Discovery”

This involves recognizing the gravitational pull towards delivery skills. In business, success often hinges on execution, attention to detail, and analytical prowess. However, this emphasis on delivery skills can overshadow discovery skills essential for innovation. These include questioning, observing, networking, and experimentation. Corporate antibodies, which resist new ideas, often emerge from the focus on day-to-day operations. To transform, intentional efforts are needed to balance and prioritize discovery skills alongside delivery skills, ensuring a holistic approach to both aspects.

In organizations with longstanding biases and pre-existing mindsets, changing the perspective of senior leaders can be a tough journey. However, the power of the innovation mindset lies in its adaptability and its potential for adoption by anyone in the organization.

As an individual, irrespective of your position, you can proactively exercise this mindset by responding to ideas with questions, engaging in continuous questioning, and fostering a culture of curiosity. Even at an entry level, interacting with colleagues and leaders with an innovation mindset sets the groundwork for future change.

Over time, as these behaviors permeate the organization, a ripple effect is created. It's not just about waiting for senior leaders to adopt the mindset; it's about starting the change at any level and watching it organically transform the organization's culture.

While having subject matter expertise is essential, the key lies in how that expertise is applied. As a leader, it's important to recognize when to exercise decision-making and make statements, as that is your responsibility. It's all about the 'how' you get to that decision- relying on past experience and your own opinion, or making sure that diverse perspectives have been taken into account.

One way to do that is by regularly surrounding yourself with a small group, sharing current challenges or projects, and allowing others to ask you questions. This not only provides fresh perspectives on your own challenges but also cultivates a culture of constructive questioning.

From “Ideas” to “Problems”

Often, expertise comes to the surface when ideas are being evaluated and decisions about those ideas need to be made. To shift this, rather than leading with the idea, start by leading with the problem.

Instead of diving into subjective debates about those ideas, focus on objectively understanding the problem. Begin by establishing agreement on the target audience(s). Once there's consensus on the significance of the audience(s), objectively acknowledge the pain or obstacle they face. Make sure to use data to validate these observations and identify the root cause.

The key is to align on whether solving this problem is worth the effort.

You eliminate the subjective debates that often hinder progress by anchoring discussions in objectively assessing the audience, their needs, and the root cause. It's a strategic way to ensure that decisions are based on a shared understanding and objective criteria. When you eventually present an idea, its merit is not evaluated subjectively but objectively against the agreed-upon problem and solution criteria.

From “Failure” to “Unexpected Outcomes”

In many organizations, the word “failure” carries a negative connotation, and employees may be apprehensive about admitting mistakes. Most colleagues dread seeing their name under the category of celebrating failures. To address this, reframe failure as “unexpected outcomes.”

Instead of viewing failures as unsuccessful attempts, the focus shifts to identifying unexpected outcomes during experimentation. This approach helps teams embrace the learning opportunities that come with unexpected results. When you list both expected and unexpected outcomes before prototyping, teams can systematically evaluate the success and potential areas for improvement. The goal is to iterate and refine the idea based on these outcomes, gradually reducing the number of unexpected outcomes until they become minor and inconsequential.

Building Engagement in Innovation



Andy Wynn, CEO at TTIP Global;
Jim Hick, Global Head of Leadership Development
at TTIP Global

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People generally have a positive perception of innovation and its benefits in general. However, they have an overwhelmingly negative perception about innovation within their organizations.

This disconnect can be attributed to three key aspects that organizations need to establish for successful innovation: a well-defined innovation process, an aligned organization that supports the process, and innovative individuals with positive mindsets who are willing to collaborate and drive business growth.

However, there are institutional obstacles that hinder the implementation of these aspects, and the main obstacle is engagement, getting individuals to actively participate in the innovation process. Lack of engagement is mostly caused by these seven barriers:

1. Lack of direction from top management.

One factor is the tendency to start new projects without finishing previous ones, resulting in too many projects and a lack of focus and alignment. Often, also middle management struggles to translate the organization's goals into practical actions due to inexperience, fear, overload, or complacency.

2. Lack of sharing and trust between employees, hindering collaboration.

3. A risk-averse culture with a resistance to taking risks and leaders being intolerant of failure. In one company, employees were ranked based on their performance and the occurrence of errors or failures. This

ranking system led to a risk-averse mindset, as employees were afraid of failure and possible separation from the company. When companies have strict objectives to meet each year, pursuing innovation becomes financially risky and results in a risk-averse culture. One solution to this is embedding innovation targets, such as a certain percentage of revenues being allocated to innovation and setting targets specific to the Stage Gate process or pipeline to ensure a certain number of projects at different stages.

4. Lack of a company-wide understanding

of innovation, leading to the burden of innovation being placed solely on R&D.

5. Conflict between existing business processes and the innovation processes required for the future.

6. Resource constraints, with individuals being too busy to actively engage in innovation. One company allocated 10% of employees' time for projects unrelated to their current roles. Initially, employees did not utilize their free time for innovation until it was tied to their performance appraisal. This measurement and accountability led to a shift in culture.

7. Difficulty in prioritization, with many opportunities and limited focus.

How To Train Employees To Test and Validate Their Own Ideas



Coby Skonord
Founder and CEO at Ideawake

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One significant bottleneck faced by organizations is there are more people with ideas than those who know how to validate and integrate them into operations.

This creates the situation where organizations cannot pursue all the ideas due to limited resources. The best way to address this bottleneck is by involving frontline employees.

When you involve frontline workers, it helps address low workforce engagement and retention, and actually deliver on building a culture of innovation. Moreover, involving frontline employees is more scalable and cost-effective than other options.

Addressing The Employee Engagement Problem

It is important to foster a culture of innovation within your organization, driving growth, relevance and sustainability in the long run. Fundamentally, a culture of innovation empowers employees with a voice, regardless of their role or title, and it enables employees to learn new skills (which they then bring back to their everyday jobs) which breaks down silos.

Employee turnover and overall engagement have a significant impact on a company's financials. According to Gallup, disengagement costs businesses an average of \$3,400 out of every \$10,000 spent per employee. This is due to higher absenteeism, lower productivity, and lower

profitability. In a 250-person organization, disengagement can lead to an annual loss of about \$3.16 million. These statistics highlight the importance of prioritizing employee engagement to reduce turnover and improve company performance.

To address the engagement problem, there are three key approaches you need to focus on. The first is enabling employees to feel the impact of their work. Second, by listening to employees' ideas and making them feel empowered with a voice, engagement can significantly increase.

A study by Gallup found that when employees felt their opinions counted, they saw a reduction in turnover, fewer safety incidents, and increased productivity. Specifically, when the percentage of workers who strongly agreed that their opinion counted increased from 30% to 60%, these positive outcomes were observed.

Another approach to addressing engagement is providing your employees with the opportunity to learn skills beyond their traditional job titles. By offering learning and development (L&D) opportunities, your employees feel more engaged and prepared for the future workforce. Studies have shown that 80% of employees believe L&D programs increase engagement at work.

Additionally, a study by Deloitte found that companies with L&D programs have a 92% higher likelihood of developing novel products and processes. Furthermore, 94% of employees surveyed by Gallup stated they would choose to stay at a company longer if they offered learning and development opportunities or had a formal program in place.

The Building Blocks To Enable Your Employees To Test And Validate Their Own Ideas

Here are the building blocks that you need to have in place to enable your employees to validate and test their own ideas. The process begins with posting a challenge statement related to the organizational goal. Employees then submit their ideas and collaborate on them. The ideas are further refined through voting and shortlisting by managers or program leaders.

First, there should be a cadence or structured process to capture ideas. This ensures that all ideas are captured and no valuable input is missed. Additionally, there should be a defined structure for organizing and developing these ideas. This structure helps to ensure that ideas are well-articulated and can be easily understood by leaders.

Second, in order for ideas to be pitched to leaders with budget decision-making authority, your employees need training and coaching. This coaching provides them with the necessary skills and knowledge to effectively communicate their ideas and present them in a persuasive manner.

After the initial approval of the ideas, the ideas should be piloted or integrated into operations. This allows for thorough testing and evaluation of the ideas in a real-world environment. The pilot phase serves as a learning opportunity, where adjustments can

be made, and feedback can be gathered before full-scale implementation.

Finally, change management plays a crucial role in integrating the ideas approved from the pilot phase into daily operations. Change management involves facilitating the transition and ensuring that your employees embrace and adopt the new ideas. This process addresses any potential resistance or challenges that may arise during implementation. By effectively managing change, you can increase the success rate of implementing new ideas and ensure their long-term sustainability.

Walk Before You Run

If innovation isn't yet widespread within your organization, start by focusing on a few opportunities and gradually transitioning to researching many opportunities.

You'll want to gradually increase the speed of decision making on green lighting the testing of new ideas, from it taking 5-6 months to 4-6 weeks, as well as increase the speed of validating, prototyping, and piloting new ideas, so that it takes you 4-8 months instead of 12-16 months.

As a result, you'll reduce risk and minimize average cost per validated idea. You'll go from invest larger dollars in fewer projects to investing smaller dollars in many projects.

However, implementing this methodology is easier said than done. Don't run before you can walk. In order to build a scalable program, we start with less complex, lower risk ideas and increase their complexity and risk as we build buy-in and internal capabilities.

In the initial "Walk" phase, the main goal is to build a team of innovators within the organization. The focus is on low-complexity projects with a short timeline for return on

investment (ROI). By achieving some early successes, the value and business case behind the innovation program can be proven within the first six months to a year. This allows for better chances of securing

funding from leadership. These short-term projects serve as stepping stones towards the “Run” and “Scale” phases, where larger-scale projects and new products/services are pursued.

How to Kickstart A Successful Idea Execution Program



Adrian Novakovic

Innovation & Intrapreneurship Catalyst at rready

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For decades, idea management has been a proven concept to inspire ideas for innovation- but it has a fundamental flaw.

In many organizations, the process of running ideas up the management chain often leads to “death by a thousand cuts”. Let’s understand this through an example.

Anna submits her idea to the company’s suggestion box, but it is evaluated and rejected by the management board. Undeterred, she submits a new idea, but once again faces rejection without any clear explanation. This continuous cycle of rejection leads Anna to lose faith, yet she persists and submits a third idea.

Surprisingly, this time, her idea is accepted, and she is asked for a business case. Peter, who is part of the innovation department and is responsible for executing the idea, becomes overwhelmed with his workload, and Anna’s idea gets lost in his backlog. Months later, when Anna inquires about the progress, Peter doesn’t respond because there is nothing to report. This scenario is common in larger organizations, leaving employees like Anna frustrated and reluctant to submit ideas in the future.

Over time, we wonder... we do employees never come up with good ideas? Well... no wonder!

The problem lies in the traditional idea management approach, which involves top-down decision-making and assessing raw ideas as if they were finished products. Saying “no” to ideas is easier because it avoids taking responsibility. Even if an idea does get delegated, it often ends up with someone who doesn’t have the time or willingness to work on it.

Additionally, this removes employees who are motivated to work on their ideas and learn new skills, from valuable upskilling opportunities. Consequently, the same people continue doing the same tasks, and no growth occurs within the organization. This frustrating and negative experience hinders innovation and idea submission.

To tackle this issue, you need to shift from traditional idea management, driven by top-down decisions, to idea execution at scale.

Idea Execution At Scale

First and foremost, we need to stop relying on “hippo’s” which stands for the “highest paid person’s opinion” to pick ideas to work on. It’s impossible anyways for anyone to properly assess “ideas” upfront. When management evaluates ideas, this could turn into a beauty contest with a high opportunity cost, also triggering herd behaviour.

Data always beats opinions. You cannot pick winners without investing in projects to test ideas, and most will fail. The larger the return you expect, the more projects you need to invest small sums in. Rather than “death by a thousand cuts”, “win by a thousand tries”.

The Kickbox methodology emphasizes a shift from large investments in a few ideas

to numerous smaller experiments. The core idea is to encourage testing and learning through a structured three-stage process: validating raw ideas in bulk, refining a smaller percentage into prototypes, and finally implementing the top-performing ideas.

The approach empowers employees to be CEO’s of their own ideas, aiming to democratize innovation. By allowing more people to participate and validate their ideas early, the risks associated with large investments in uncertain projects are reduced. It’s about making innovation more predictable and statistically grounded rather than relying solely on opinions or gut feelings. The process helps to identify viable concepts, reducing the risk of overlooking potentially better ideas and optimizing resource allocation for innovation.

Why Creativity Is So Important (And How To Develop Yours)



Freddie Gibbons

Creative Intelligence Coach and Senior Innovation Consultant at Sense Worldwide

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Artificial Intelligence, machine learning, and the abundance of easily accessible data means that the world is being put on a level playing field when it comes to analytical thinking.

We all have the same information and the same tools, so we need to develop skills beyond the analytical in order to compete. This is lateral and creative thinking.

It’s the creativity you use in understanding, interpreting, and acting upon the information you have that will set you apart. No matter the industry you are in you can approach your challenges in novel ways in order to

find new, innovative solutions. We’re not the only ones who believe this – In The Future of Jobs report 2023, the World Economic Forum claimed that creative thinking is among the most needed skills in 2023.

But creativity has sadly been educated out of us, we continue to rely on outdated education systems that teach us to think in straight lines, preparing us for now outdated ways of

working. An education system designed by industrialists who required docile, agreeable, non-creative workers.

This is why I (and my colleagues at Sense Worldwide) have spent the last 5 years developing the field of Creative Intelligence, and through thousands of collaborations with creative individuals we have identified similarities between the most creative among them. This is Creative Intelligence.

What is Creative Intelligence?

Creative Intelligence is the uniquely human ability to understand, interpret, and act with imagination. It is not a methodology; instead, it is a mindset. A way of approaching the world around you. At its core it is about seeing and thinking differently.

It's novelty incarnate! Through our explorations we have uncovered five key principles that exemplify Creative Intelligence.

1. **Expand Your Mind** - is all about informing your point of view by exploring beyond your silos.
2. **Challenge Your Default** - is all about purposefully doing things differently.
3. **Build Your Creative Confidence** - is all about embracing the uncertainty of ambiguity and trusting your instincts.
4. **Seek Out Diverse Perspectives** - is all about understanding the power of cognitive diversity.
5. **Adopt An Experimental Mindset** - is all about experimentation, but doing so with purpose.

How do you develop your Creative Intelligence?

First of all, let's dispel a myth...

*"I am not creative"
- People who absolutely are creative*

Nike famously said "If you have a body, you are an athlete". I like to say if you have a brain you can be creative. Everyone has the capacity for creativity and every industry can benefit from it.

To develop your creativity you need to work on developing the 5 principles of Creative Intelligence.

Expand Your Mind

This is about encouraging you to recognise the value of analogous inspiration, pulling from fields and knowledge outside of your silos in order to better inform your own point of view.

The first step however, is to understand yourself and the biases you may have that will affect your ability to fully incorporate knowledge from external fields.

Look inwards and explore your own perspective first. Ask yourself: what assumptions have you made to get to this point? Use this knowledge to explore beyond your assumptions and gather the full picture.

Challenge Your Default

Do things differently. Approach your tasks from new angles. Use different processes and alternative workflows. When we use the same approaches every time we tackle a task, our minds make synaptic pathways that strengthen over time. When faced with new tasks we take the path of least resistance and approach them in familiar ways - this limits our ability to see them differently and we inevitably get similar results each time.

Breaking your routine is simple - just do something differently. Normally work at a desk? Try sitting at a bench. It's as simple as that!

Build Your Creative Confidence

Maybe you're starting something new? Trying a new technique? Exploring an unexplored topic? Whatever it is, it's hard to be confident when faced with the uncertainty of ambiguity. But when we let this uncertainty get to us we can limit our ability to be creative. We hold ourselves back out of fear of failure.

To build your confidence the first thing to do is, unsurprisingly, start. When faced with a metaphorical blank page the hardest thing to do is start because we fear moving in the wrong direction. Dirtying the page is about jumping, getting something down, even if it's wrong, so you can build on it.

Seek Out Diverse Perspectives

When you bring together ten similar people you get one very powerful point of view. If instead you bring together 10 cognitively diverse individuals who see things differently and think differently to each other, you gain a richer, more holistic point of view. This is what Seeking out Diverse Perspectives is all about: harnessing the power of cognitive diversity.

When you form a point of view, ask yourself who might provide a unique perspective. Don't just go for the obvious, but pick the crazy ones, the misfits, the rebels, and rejectors too!

Adopt An Experimental Mindset

Experiment, but with purpose. We avoid processes when trying to be creative because it is the repetition of a process that stifles creativity, however in some instances a process is a mindset. Adopting an experimental mindset is about the highest level creative process - Test, Learn, Iterate.

To adopt an experimental mindset we recommend trying to stress test and break your ideas. Approach the most challenging aspect of an idea first. If you're designing a flying car, focus on the wings before designing the wheels.

Most importantly, Creative Intelligence is about novelty, trying new things, and approaching tasks in new ways. As long as you stop and ask yourself 'why am I doing this in this way?' you're already developing your Creative Intelligence.

How To Fail By Design



Claus von Riegen

Head of Innovation Strategy & Services, SAP SE

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Innovators dread failure. But failing can actually be good.

As most innovation projects fail, understanding the reasons for failure and learning from them is crucial. Making mistakes is fruitful only if learning are being shared openly with others, to help everyone from making those same mistakes again.

Often however, failure could be avoided already prior to taking any action; just by having a different perspective or process some failures could be prevented from happening. Use the below as a checklist to reflect on your efforts (and change course right away if needed).

#1: Run Open Campaigns

Involving everyone in idea generation is common advice, but if there's no focus, that leads to more waste. For open-ended campaigns, 40% of ideas were rejected in the first stage, and it took an average of 3.5 years to graduation. For campaigns aligned with strategic opportunity areas, only 10% of ideas were rejected in the first stage, and time-to-graduate is only 2 years. So, determine the specific domains and opportunity areas to focus on and then ask colleagues for ideas. With a smaller number of irrelevant ideas to reject, you can move along faster.

Should you resurrect rejected ideas? After all, business situations and contexts change, and what didn't seem like a good idea before may be apt at a different time. In SAP's experience, rarely do ideas become relevant years later. As the company defines opportunity areas and contexts early on, it chooses ideas that fall into those ambits.

#2: Do Not Accept Corporate Boundaries

There was a time when a unit within SAP was making only consumer apps with the idea that if consumers were adopting the apps, then it meant the apps were delivering a good user experience. SAP also contemplated selling the apps to consumers. But stepping outside B2B corporate boundaries would be risky given the company's lack of experience in selling software to consumers and handling smaller transactions, a realization that dawned later. Still, the design principles generated by the unit's efforts proved beneficial.

#3: Focus On The Winners

In many intrapreneurship programs, feedback and support is only provided to the winners or most promising teams of the program, leaving out the rest of the participants who

may have benefitted from the same support and ideated more effectively the next time around. When employees feel like they are left unsupported, they are unlikely to rejoin the program. Feedback at the individual level can keep motivation levels up and enhance the quality of ideas.

#4: Be Convicted

Passion and conviction are vaunted terms when discussing innovations and innovators. As SAP learned, being overly convinced of the success of an idea could set you up for failure. A better route is to get the product out quickly, show value fast, and note signals from the market. If you fail to find any real market demand for the product, you can stop working on it early and avoid keeping the product around for long and spending significant time and resources on it. Ignoring data leads to expensive failures.

#5: Deliver A Product, Fast

We often repeat the mantra that it's all about speed. Even if there's a strong conviction that *this* product will be a hit, don't continue investing in product development until there are clear signals from that market that you're onto something. It's not about time-to-market, but about time-to-value.

#6: Find Happy Customers

Tell customers about your new idea and most will say they like it. And so you develop the idea and present your new product to customers, who are now on the fence about whether they should adopt it. They generally are happy with the status quo. Budget and change management realities make them think twice, resulting in a rejection for your product. Understanding how customers' minds work and asking them the right questions about their requirements makes all the difference.

#7: Unlock Synergies

Of course, it sounds great (especially to C-suite) that we look for synergies with the core business. Yet often, leveraging internal synergies, for example, integrating your validated idea as a feature in existing software, severely reduces the addressable market.

#8: Ignore The Corporate Immune System

Any organization has an invisible defense system that by its nature is meant to protect it from change and disruption. By going against this corporate immune system, you stand the risk of invoking mistrust and potential backlash from teams and colleagues across

the company. You can't fight this—rather, work with it and create allies to build support for your ideas.

#9: Scale Early

Going to market and scaling early may seem like a good idea. However, if your product is slow to acquire early customers, you may have to wait a bit longer. With its yet-to-be-released product, SAP is going slow, having only one customer for now. The product allows retailers and consumer product companies to establish a circular business. By waiting to productize until they are ready with a business model that works and is repeatable, the company is in a better position to avoid failure.

Building A Disruptive Innovation Capability



Greg Ombach

SVP Head of Disruptive Research & Technology
at Airbus

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The potential for disruptive research and technology in the aerospace industry is huge.

Although Airbus has a diverse portfolio consisting of commercial aircrafts, helicopters, and defense and space business, it must build new technologies and foster an innovation-centered culture to meet the demands of a rapidly changing aerospace industry. Disruption is taking place at all levels of the company.

In the commercial aircraft sector, there is a need for new aircrafts that emit less CO₂ and are environmentally friendly. The CEO of Airbus has set an ambitious goal for a zero-emission hydrogen-based airliner

by 2035, which at this time still feels like a mission impossible.

Similar environmental concerns exist in the helicopter industry, where safety is also a priority. Urban air mobility is experiencing disruptions with the emergence of electric-driven quad copters and other similar vehicles. In defense and space, startups like SpaceX are transforming the industry with new solutions. The commercialization of space in the next decade will see more small companies innovating and launching their own satellites.

Innovation Instruments

The Pisano model by Harvard professor Gary Pisano offers a simple framework for creating innovative business models. It categorizes innovation based on changes in the business model and technology. The Technology Maturation quadrant refers to incremental improvements within the existing business model, while Radical Technology Disruption occurs when significant advancements are made while still maintaining the same business model.

Business Disruption happens when there is a shift towards a new business model with current technologies. Finally, Architectural Disruption is the result of both technology and business model changes.

At Airbus, they cover all four quadrants through different innovation instruments.

Through technology intelligence through scouts stationed in different regions like North America, India, Singapore, China, and Europe, they keep an eye on the developments and trends around the world. The scouts report that information back to HQ and the relevant areas, known as Fast Tracks, responsible for the Technology and Innovation roadmap. The scouts challenge the Fast Tracks by providing new inputs and identifying any gaps between the current and desired future state.

Startup engagement is another key aspect, with the establishment of the venture client model years ago. This approach involves sourcing technology externally to speed up innovation and bring in ideas from outside. It focuses on quickly identifying digital solutions for existing problems in the organization within a six-month timeframe. Incubation also takes place, specifically for internal ideas that arise when transitioning from the existing business model to a new one.

Airbus' corporate innovation governance is based on coordinating and aligning different business units. Currently, decision-making relies heavily on relationships between individuals, but a more data-driven approach will be adopted in the future. Given the globally distributed innovation centers, effective governance is paramount to ensure synchronization and maximize value.

Navigating goal setting amidst multiple activities is a challenge. One of the improvements Airbus has implemented is a data-driven approach to bring transparency to all ongoing activities. They are building a dashboard that will be visible to everyone in the organization, providing clear information about which Innovation Centre is working on which projects and with what resources. The goal is to have a centralized view of the different initiatives and contributors.

Creating More Impact By Embedding An Innovation Culture



Alain Bindels
Innovation & Technology Leader at Roche

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The COVID-19 pandemic revealed the unpreparedness of the healthcare system in meeting the surge in demand for services.

It underscored the need for rapid development of digital healthcare solutions, such as telemedicine and home-based diagnostic tests, to connect patients with healthcare providers, and accelerated the shift toward a digital-driven healthcare system.

Roche was already exploring various emerging technologies. One area of focus is patient-generated healthcare data. By utilizing sensors and mobile apps, patients can collect data about their health status, including performing simple tests for conditions like multiple sclerosis. This data is then shared with their primary care physician, helping to monitor their progress and assess the effectiveness of their treatment.

Clinical decision-making support through software is another significant development in diagnostics. This technology assists healthcare professionals in interpreting various types of patient data, ranging from blood samples to genomics, helping them diagnose illnesses such as cancer and multiple sclerosis. The amount of data available for analysis in diagnostics continues to grow steadily.

In order to effectively drive innovation within a large organization like Roche with 100,000+ employees, it is crucial to connect different business units. For instance, there might be a project in a German affiliate that aims to collect data from primary care physicians and use it for faster diagnoses

and identifying patients for clinical trials. The challenge lies in connecting this project with the diagnostics and pharmaceutical units, also in other geographies, while also ensuring compliance with regulatory requirements.

A Community of Practice To Amplify Innovation Capabilities

When various stakeholders, including marketing and other functional colleagues, are able to connect, they understand and solve problems more effectively. To facilitate this connection, they have created the OneRoche Innovation Toolbox, bringing together diverse innovation teams to collaborate and strengthen efforts across different business units and locations.

As a community of practice, they support innovation catalysts, innovation leaders, and other innovation enablers and coaches in identifying opportunities and making faster decisions at scale, avoiding duplication. They amplify innovation management capabilities.

Despite the many ongoing innovation management efforts across the organization, they saw greater opportunities to deliver more value across the board. Beyond connecting the initiatives, efforts and learning company-wide, they aimed to create transparency on best practices and what teams are working on. This goes from coordination to oversight and governance,

and eventually to a unified approach, called OneRoche E2E Innovation Management Process, to be implemented at scale.

With numerous MVPs and experiments happening, particularly in affiliates, a database is being created to track ongoing projects and avoid duplication. This database combines global and local perspectives, interfaces with different markets, and identifies applications happening in multiple countries. Projects working on similar goals are brought together to save costs, avoid repeated mistakes, and leverage existing organizational experience.

Finally, the innovation community encourages open discussions about failures and sharing learnings to avoid duplicating efforts.

For employees, an intranet portal provides tools, programs, and training on various topics like design thinking, customer interaction, pitching ideas, and testing business models. The website serves as a self-service platform for accessing these resources. Additionally, there are programs that allow participants to apply their skills in real projects.

One of them is the Roche Entrepreneurship Program, initiated in 2020, a three-month program that selects five healthcare ventures from pharma, diagnostics, and affiliates. Once the five projects are selected, a diverse team is formed around the project, with members from different organizations, based on their skill sets and backgrounds.

They start by understanding the customer journey, validating assumptions through interviews with real patients and physicians. They then continually refine and iterate their project proposals, ensuring the alignment of the business model with Roche's strategy while delivering value to patients and the healthcare system. The teams develop their Minimum Viable Products (MVPs) by validating assumptions and receiving

feedback from customers. Finally, they pitch their projects to a board consisting of members from different business units, who make decisions on funding, collaboration, or redirection based on the project's viability and alignment with organizational objectives.

The innovation program has seen 22 projects go through the program in six cohorts. Impressively, 40% of these projects have received funding and been implemented. The program focuses on applied learning, allowing participants to apply their knowledge to real projects, rather than just theory or training. Participants gain valuable skills and build a network within the organization, connecting with colleagues in different areas like compliance and regulatory frameworks.

This network helps them understand who to reach out to for future projects and leverage existing capabilities. The program also emphasizes bringing projects to reality by engaging real customers and receiving their feedback. The feedback from participants has been overwhelmingly positive, highlighting the benefits of mindset development and the practical approach to addressing challenges and getting buy-in for new ideas.

The OneRoche Innovation Journey Playbook guides the innovation process from scoping and problem exploration to solution development, business model definition, pitching, building, testing, learning, launching, and ultimately growing and scaling the solution in the market.

The playbook highlights various models and toolboxes, and it includes interactive mural boards that allow their innovation coaches to easily copy and implement in their projects. Through this unified approach to innovation they have trained over 3,500 innovation coaches now internally, which led to considerable savings compared to hiring expensive external agencies to do this.

Sage's Continuous Innovation Program



Fred Figueiredo
Continuous Innovation Catalyst at Sage

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How do you rally colleagues to adopt an innovation mindset and pursue transformation courageously?

Multinational software company Sage created a continuous innovation program to empower colleagues, partners, and customers to innovate.

Sage's continuous innovation program evolved from a community movement to a strategic business transformative function. Initially, the innovation team team conducted over 32 interviews with colleagues from various regions, levels, and functions to gain a deep understanding of the business. They also utilized an event called the "big conversation," where every Sage colleague had the opportunity to discuss their thoughts on the company's culture and desired changes.

They discovered that colleagues believed in the company's ability to innovate but felt that innovation was often limited to slide presentations or discrete events like hackathons. These insights helped uncover areas where they needed to focus and work on improving the day-to-day integration of innovation.

The team conducted several minimum viable product (MVP) tests to validate their hypotheses with customers and the problem and opportunity statements. They organized an event with 110 people to transition from business agility to continuous innovation, leveraging the experience of creating a community of agility. Within six weeks, they

had 44 members join the community and received 150 comments. They created newsletters to engage and keep champions, passionate individuals who help nurture the community. It was crucial to find dedicated people to collaborate in nurturing the community, particularly within a large corporate structure of 13,000 employees.

To address concerns about Sage's ability to experiment, they collaborated with the CTO and launched the training program "experimentation mindset." However, the training's progress was interrupted by the COVID-19 pandemic, requiring them to pivot and find ways to keep the program alive remotely. Despite the challenges, the program's growth has been remarkably successful. It has seen 10x growth, and successfully reached over 2,600 colleagues without a budget or executive support.

When designing solutions, understanding both the problem and opportunity spaces is important. The three key areas Sage identified for exploration revolved around enabling the company to survive and thrive in a complex market, leading the market with concepts like SAGE clouds, and overcoming difficulties in creating innovation from within and becoming an iconic company. Their approach to this large-scale change involved seeking expertise in change management before moving into brainstorming and ideation.

The innovation team views their programs as business models, considering how they generate value, the cost structure, and unique value proposition. They initially asked for zero budget, prioritizing traction over funding in the beginning. However, realizing the need for scaling a large-scale change across a business with over 10,000 people, they eventually asked for a budget of 400k to support the implementation, including hiring additional staff. Previous attempts by others who had asked for budget without showing traction failed and led to the exit of associated employees. Their team was ready to work without a budget, not realizing that it was an expectation.

Establishing a relationship with Sage's training department early on was crucial to the program's success. They recognized the importance of this collaboration for their success. As they ventured into the training space, their "Next Innovation Growth" initiative became a role model for training at Sage. The leaders from the learning and development (L&D) department were impressed with their work and invited them to redesign L&D with them.

The team discovered that traditional training methods are often ineffective, and that experience and community are better tools for effective learning. They demonstrated it through traction and sponsorship, which led to the support needed to shape the training model. They are now planning to move part of their team into the L&D department to transform it from within rather than relying on external resources.

Innovation should be integrated into day-to-day operations, influencing how people think, problem-solve, collaborate, design, and develop. They acknowledged that the impact may not be immediately significant in the short term but believe that it will eventually come to fruition in the long term. Building networks and trust is crucial to creating an environment where distractions are minimized and the ability to deliver innovation is enhanced.

Measuring cultural change in corporate functions, especially those related to HR, can be challenging. The team partnered heavily with the HR function and utilized their metrics, systems, and voices to assess the cultural impact. They brought in their Chief People Officer as one of their sponsors to strengthen their credibility. While the energy created by their initiatives was felt across the business, the impact has been difficult to measure. However, they now recognize the need to focus on delivering tangible results and are shifting their focus towards metrics such as validating ideas, generating revenue, and tracking the progress of ideas in the pipeline.

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Talent & Teams

The Failure of Innovation Training



Tristan Kromer
Founder at Kromatic

Innovation departments are continuing to fail.

Of course, innovation projects are supposed to fail in great numbers, but the idea of a corporate innovation department itself is under tremendous pressure.

The macroeconomic climate is battering companies around and leading to budget cuts across the board. Companies are focusing on the core business and cutting funding to anything viewed as risky or not of immediate value.

To add to the chaos, innovation departments are not doing themselves any favors. Too many projects lack concrete outcomes and stubbornly refuse to discuss ROI. Mindset workshops, sticky notes and motivational “fail fast” posters are not convincing executives to continue to invest in innovation.

Ingredients for Innovation Success

Despite the renaissance in innovation approaches ushered in by luminaries like Steve Blank, Rita McGrath, Alexander Osterwalder, Janice Fraser, and Eric Ries, most innovation departments lack the basic ingredients of success— strategy, resources, scale and methods. None of these ingredients are controversial in the slightest.

You rarely win without a strategy. You can't create winning innovations without people, money and time. If you want to win big, you need enough scale to try dozens or hundreds of different ideas. Yet lacking the first three ingredients, we all seem to focus on methods as the key to success.

If we could only create the right mindset and skill sets in our teams, we would create the next billion dollar business. Sadly, it doesn't work like that.

Skillset and mindset training must be integrated into a complete innovation stack to have any chance of delivering real impact.

Strategy

There may be just a few companies with a clear, well articulated strategy and vision which every employee understands. More often than not, corporate strategy is just a powerpoint slide deck which merely states goals, KPIs, and hopeful aphorisms. They lack any sort of guiding light or insight that would define clear arenas for innovation.

Many innovation teams are sitting around, twiddling their thumbs waiting for a corporate strategy to guide them – but it's not coming. So instead, we're all throwing spaghetti at the wall hoping something will stick.

Even with all the best footballers in the world, the best training, and the most shots on goal – you're not going to win the World Cup if you're playing volleyball.

Companies need a coherent strategy that tells innovation teams where to play or all those hackathons will continue to pump out great ideas that will never get funding by the organization. Having the best AI writing assistant on the market is useless if you work for an ice cream company.

Innovation must align with corporate strategy and corporate strategy must incorporate innovation.

Resources

Needless to say, innovation teams need resources. This means time, money, people, and authority. Some innovation teams are given money, but are already loaded up with 60 hours of weekly work by their direct line managers. That turns innovation into weekend work and a “nice-to-have” priority.

Then they encounter an institutional block like a regulatory risk, branding concerns, or just the inability to purchase a \$20 SaaS tool they need due to a lengthy procurement process. Teams flail and good entrepreneurs go find jobs elsewhere where innovation is supported.

Along with money, a dedicated team, and time to execute, teams need a critical resource: the direct authority and C-level backing to override the corporate constraints that will kill them in their infancy.

Scale

If it takes 100 startups to create one successful company, a corporate innovation function that sponsors 6 innovation teams is not going to be successful.

Yet we constantly seem to think that we will be the ones that will defy the odds. This goes hand-in-hand with resources of course. Without sufficient resources, you don't have sufficient scale. But it also goes hand in hand with Strategy.

A few teams in a booming industry have a better chance of success than a hundred teams in a hundred different, shrinking industries. If everyone aims in the direction of the bullseye, we're more likely to get a hit. But

instead of doing the math and recognizing the level of scale needed for success, there is a heavy reliance on methodology to fix all the ills of a modern corporation.

Methods

As a trainer by profession and his company selling skill and mindset training. Tristan is a strong believer and advocate of agile, design thinking, and lean startup.

“It grieves me to say that just having the right mindset will not fix a lack of strategy, resources, or scale.

I would love to lie to you and just say that a good workshop and humorous anecdote of ingenuity will fix your company – but it won't. Methodology alone can not create a strategy, requisition resources, give you sufficient scale to win, or guarantee success.

I am first and foremost an entrepreneur. I have been so in the music industry, IT security, and even social media. I still tinker and explore, build products, and test out ideas. Aside from my personal experience, I have now worked with over 82 companies (not counting workshop attendees) including 63 multinationals, 42 accelerators, 14 government agencies, and 14 non-profits in over 65 locations. I've worked in industries ranging from agtech to fintech, ice cream to national defense. I have seen successful projects with great impact and a whole lot of failure. But some of the biggest successes came from teams that had outsized impact in spite of having no coherent strategy, skills, or teamwork.”

*You can be successful without great skills.
You can not be successful without resources.*

But looking at each element individually is not the point. Everything must work together to form a complete innovation stack.

How to Integrate Training into the Stack

So here is what skill training and methodology can and should do.

Discover Qualitative Insights

Use Design Thinking to gain insights and empathy. However, do not let those insights be relegated to tactical design decisions. Empathy should form the basis of a customer focused strategy.

If your customer discovery efforts are not informing company strategy but are stuck at the team level – only helping you decide what marketing campaign will be effective – you are not gaining the full benefit.

Insights and information should help identify long term trends that your strategy should integrate and capitalize on. The C-level should be paying attention to and actively seeking out insights at the edge of the organization.

Insights must flow up and strategy should flow down. Insights need to flow up from the people on the ground who have contact with customers straight to the top of the organization. Strategy needs to flow down from the top so that every team can make decisions aligned with that strategy.

While design thinking and customer discovery can't win by themselves, they are a bedrock of a great, customer focused strategy that helps you figure out where to play and how to win.

Lower Costs

Lean Startup and Agile methods have a clear ROI – they lower costs. Instead of paying \$200,000 to one of the big four consulting

shops to assign a junior consultant fresh out of business school to guess at market trends based on desk research – you could spend a tenth of the money to do customer interviews, create a landing page to test demand, and concierge test a solution.

It's direct customer data, it's faster, and it's cheaper. It's a competitive advantage to know your customer better than anyone else and if it's cheaper as well – why would you not want to get direct feedback from customers?

There's a lot of psychological safety in hiring external consultants – but feeling safe does not make for great innovation. 1/10th the cost means 10x more chances for success – which doesn't solve, but starts to address the issue of Scale. If the chances of success are 1 in 100 and you have enough money for 6 projects, the lean startup approach will get you 60 chances for success. There is still a danger that you run 60 experiments on the wrong thing due to a lack of strategy. There is still a danger that you are taking 60 swings at a short term goal that won't move the needle on your multi-billion dollar corporation.

Lean Startup and Agile need strategy and discipline to focus on the big bets and not get trapped in optimizing mediocrity.

Quantify the Odds

Lastly, the discipline of Innovation Accounting – real financial modeling using both quantitative and qualitative data – can help inform strategy, identify the big bets, and enforce data-driven decisions.

Innovators can't just put sticky notes on a Business Model Canvas, call it a “validated,” and expect funding. They need to put a stake in the ground and say, “this opportunity is somewhere between \$100 million and \$1 billion.”

It's no use saying to the CEO, "This project is too early stage to do market sizing."

Even on day zero, we can make a quantified estimate. We can express the level of uncertainty in ranges and say it's somewhere between zero and \$1 billion. The extreme width of the range tells us the opportunity is very uncertain. But that's better than delivering a stack of sticky notes to the CEO and expecting a promotion and an awkward fist bump.

Innovation Accounting sounds like an oxymoron and it's Eric Ries' worst performing buzzword – but it's an important concept. In the simplest possible terms, we can use real math to make better bets on innovation.

The skills needed for innovation accounting are concrete and trainable:

- User Experience Mapping
- Hypothesis Driven Financial Modeling
- Statistics
- Estimation
- Monte Carlo Simulations

However, just training on the skills is useless if we can't get the C-level and the innovation teams to communicate in the same language of probability and risk management.

What is the range of outcomes for this innovation project? What are the odds of

achieving a specific outcome? What is the net output of our portfolio?

These are the questions the C-level should be asking of the innovation team.

If we can integrate the skills needed for innovation accounting, generate the data, and communicate with each other then we should be able to adjust our strategy to capitalize on the biggest opportunities, allocate resources effectively, and get enough scale to maximize our odds of success.

Lessons Learned

Innovation Teams have relied on workshops and culture change to drive outcomes. But skill and mindset training alone won't achieve results. We must drive data flow through the entire organization to realize the value of these methods.

- Drive strategy with qualitative insights using design thinking
- Lower the cost of innovation through lean startup and agile methods
- Increase your chances of success by using the lower costs to test more ideas
- Quantify your opportunity and odds of success through innovation accounting
- Adjust your strategy, allocate resources, and get to scale based on the odds of success and opportunity size

Innovation without Borders: Building a Culture of Trust and Creativity in Global Teams



Stephen Parkins

Global Head of Corporate Incubation / Innovation at SGS

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Trust is the foundation of any successful team.

For teams responsible for driving growth and innovation within a global, decentralized, and multicultural organization this brings unique challenges. Building relationships in a global team can be tricky with fewer face-to-face meetings and diverse cultures. Adding some fun and light vibes is key to building trust and closing gaps.

Even though remote work offers flexibility, it might mean never meeting in person. So, you need to embrace this reality. Share backgrounds during informal chats or training sessions to lighten the mood, boost goodwill, and avoid misunderstandings. Bringing in humor and making interactions enjoyable goes a long way in strengthening connections.

In many teams, creative potential isn't fully unleashed. Often, team members seem to conform to a certain profile, suppressing more unique individual traits. Embracing diversity more openly could elevate more ideas, leading to even better outcomes.

Let's see the five specific areas of challenge, each followed by a practical recommendation based on real-world experience.

Trust

Trust is pivotal in fostering a healthy innovation culture. However, with the lack

of face to face time, it's getting harder and harder to build trust.

Recommendation: Leaders at all levels, including innovation managers, coaches, and team leaders, play a crucial role in motivating and driving innovation. Building trust requires conscious efforts and strategies tailored to the global context. Create fun opportunities for cross-cultural learning. Develop trainings and informal forums for team members to learn about each other's cultures and backgrounds. Use humour and light-heartedness (appropriately) to build rapport. This can help to increase goodwill and reduce tension and misunderstandings.

Leadership

Leadership is not about titles. Everyone in roles like Innovation Manager, Scrum Master, and Designer, is steering (project) teams.

Recommendation: Effective leadership entails understanding diverse perspectives within a multicultural setting. Leaders should adapt their approach to inspire and guide teams, balancing adaptability to diverse cultural and communication styles while maintaining consistency across different locations. Schedule regular check-ins and provide honest feedback and personal development support. Help each other

understand the cultural nuances of different teams and adapt your leadership style accordingly.

Collaboration

Even when there's a healthy level of trust, effective collaboration doesn't just happen. A lack of ownership of goals or projects as well organization silos make (remote) collaboration even more difficult.

Recommendation: Implement collaborative tools and platforms to bridge geographical gaps. Enable cohesive global working groups. Over-communicate to ensure that the groups have clear goals and are aligned with higher-level objectives. Give each group the flexibility to agree on their own, common way of working.

Inclusivity

Going beyond accepting cultural differences, the focus should be on celebrating and leveraging these differences to maximize creativity. Encourage team members to share their unique insights, fostering an environment where everyone feels heard and appreciated.

Recommendation: Value diversity (and diversify your innovation portfolio) by

encouraging different perspectives. Give autonomy to local teams to run their own events and sponsor their own projects. Support colleagues who want to learn the company's common language (usually English) but accommodate other languages as much as possible (e.g. instant translation, multilingual leaders).

Communications Infrastructure

A robust communications infrastructure is fundamental to teamwork. Overcoming language barriers and adapting to diverse communication styles are crucial components.

Recommendation: Develop a communication protocol document that outlines agreed guidelines for common communication channels (e.g. Teams, Slack, Email, WhatsApp group), document sharing (e.g. Teams, Dropbox, Google Drive) and language(s) & etiquette (e.g. response times, degree of formality).

Nobody is born with the unique skill set required for global team leadership. Sharing ways of developing these skills openly among team members is crucial. The emphasis is on continuous learning and skill enhancement. And don't forget- to make this work, embrace the notion that like our innovation work, this is all about iteration.

Team Building In The Corporate Venture Studio Context



Kimberly Skelton, Accenture Song Sr. Entrepreneur-in-Residence; **Hillary Balma**, Director at G-Works Venture Studio at General Mills

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Corporate venture studios offer innovation teams the freedom to operate with the spirit, passion, and resilience of entrepreneurs, all while leveraging organizational resources.

However, building successful innovation teams in this context requires careful consideration. What are the key ingredients?

Team Building In A Corporate Venture Studio: Lessons Learned At G-Works

G-Works is General Mills' internal venture studio where high-performing innovation teams – also called co-founder teams – combine their talent with deep market research and agile experimentation to bring new ideas to life. G-Works sits within the Disruptive Growth arm and is intentionally separate from the core business to give innovation teams the freedom to operate as startups in new and incremental spaces for General Mills. The growth board, comprising senior executives with a VC mindset, invests in the teams and decides whether to continue or stop a project at various stages in the innovation funnel.

At a macro level, G-Works' innovation funnel consists of three phases: discovery, validation, and building. Any team first works to discover an unmet consumer problem (within the food spaces, in the case of General Mills). They then validate potential solutions and business models to solve those identified problems and eventually

build a business. As they move through the funnel, teams present their latest evidence to the growth board and seek approval (and funding) to continue building their businesses.

What distinguishes a high-performing innovation team within venture studios? Next, we'll examine some best practices and lessons learned for building robust internal innovation teams that you can implement in this unique setting.

1. Mixing Internal and External Talents

Innovation teams benefit from a mix of internal and external talents. On their side, internal team members bring a deep understanding of the company's culture, history, and operations. They have experience working within the organization and understand the internal processes and systems.

On the other hand, external team members bring fresh perspectives, new ideas, and diverse experiences from other industries or backgrounds. Combining these different skill sets, experiences, and perspectives results in a more holistic and innovative approach to problem-solving, which can even lead to more creative solutions and better outcomes.

Co-founder teams consist of three members, each bringing complementary skills to the table. Two members are selected from different areas of the company, typically a technical co-founder (a food scientist) and a consumer insights co-founder. The third co-founder, the commercial lead, is typically an external hire. Internal co-founders are expected to have prior experience in innovation and demonstrated entrepreneurial behavior, while external co-founders are ideally founders themselves or have early-stage startup experience. This approach ensures that a diverse range of perspectives and experiences are represented within each team.

2. Identifying Specific Entrepreneurial Skills

In the team member selection process, Hillary emphasizes the significance of attracting internal and external individuals who have a passion for solving problems in the area where your consumers exist. Instead of solely considering their track record of results and unique skills and experiences, which can be uncovered through the interview process later on, it's crucial to identify whether they demonstrate entrepreneurial mindsets and behaviors.

A strong innovation team should be agile, comfortable navigating uncertainty, and able to pivot quickly and efficiently. As such, the necessary skills for a high-performing team are varied. According to Hillary, the most vital quality to look for in potential team members is their inclination towards collaboration and being a team player.

“Bring onboard folks who are highly collaborative, who build trust easily, and who are willing to prioritize the team’s success over their individual success”.

It's also important to seek out individuals who are avid learners, insatiably curious, willing to

roll up their sleeves and get their hands dirty, humble enough to recognize they're never done learning, and able to acknowledge their mistakes. They must be tenacious and have an innate drive to solve consumer problems and make a positive impact on their lives. They have to be agile, comfortable navigating uncertainty, and able to pivot quickly and efficiently. Lastly, they have to be resilient through change and failure.

3. Building a “Team Player” Culture

As an innovation leader, it is crucial to reinforce a team player mindset and build a “Team Player” culture across your organization. At General Mills, this is emphasized from the very beginning of the innovation journey, according to Kimberly.

They dedicate a significant amount of time to this, including a full week of team onboarding, with activities like simulations and team-building games to help the team get to know each other's strengths and weaknesses. By the end of the week, the teams create a team charter, a written document that outlines the purpose, goals, roles, and responsibilities of the team. This serves as a blueprint for the team's operations, providing a framework for decision-making and problem-solving and ensuring that the team is consistently aligned toward shared goals.

4. Celebrating Failures and Killed Decisions

Celebrating failures and killed decisions is just as important as acknowledging successes. When teams are only recognized for their successes, they may become hesitant to take on new challenges or projects with a higher risk of failure. In contrast, celebrating failures and killed decisions promotes a culture of risk-taking, exploration of new opportunities, learning, and iteration.

“Celebrate failed decisions and killed projects with the same enthusiasm as you celebrate successful ones. This encourages a culture of risk-taking where teams are not afraid to try new things, even if they may not always succeed”.

Celebrating failures and killed decisions creates a positive and supportive environment that values employee growth and development, regardless of the outcome. This approach promotes transparency and accountability, enabling teams to learn from their mistakes and apply those learnings to future projects.

5. Providing Supplemental Skills and Perspectives

Lastly, it is crucial not to overlook the development of an ecosystem or extended team to provide additional skills and perspectives to support your innovation teams. As the senior Entrepreneur-in-Residence, Kimberly emphasizes the significance of having a network of experts who can guide and coach innovation teams during the validation and building phases. For instance, they can provide valuable insights on gathering consumer evidence, running digital experiments, project management, and de-risking the business along the journey.

How Corporate Venture Builders Succeed (And Why They Even Care)



Christian Lindener,
Co-Managing Partner EMEA at Mach49

It’s easy to set an ambition to create a pipeline and portfolio of new ventures and investments that disrupt existing markets and create new ones.

It’s easy to say “we need a growth engine”.

The question really is – how?

To succeed with corporate venture building, lean on one of the main resources you already have: your people. To be more precise, the bold entrepreneurial people that are part of your organization already.

Christian co-founded several successful startups, including Reflex Aerospace — the first venture-backed satellite manufacturer in Europe, a virtual reality startup that was acquired by booking.com, and Skyroads — an

open digital operations platform for the urban air mobility market.

Before joining Mach49, Christian served as Head of Airbus Scale — Airbus’ central innovation unit — where he drove all of the company’s internal and external innovation activities. He also served as Managing Director of Wayra Germany — Telefónica’s CVC arm — where he oversaw the strategic direction of the organization and managed the selection of and investment in startups to be integrated into Telefónica’s portfolio.

Christian has created and advised over 20

incubator and accelerator programs across Germany, Switzerland, and Austria and holds board seats at several high-tech, high-growth startups across Europe. As Co-Founder and Director of TechFounders — a high-tech hardware accelerator based in Munich — he was responsible for the development of over 50 high-tech startups.

Based on his experience as a corporate innovation lead and startup founder, Christian believes in talent and teams first. Here's how to identify them and what capabilities they can bring to your organization, and how to make sure they succeed.

The Five Traits of a Corporate Venture Builder

Most corporate venture teams don't include natural entrepreneurs and great investors who "see around corners". Yet corporate venture builders by default have a unique profile as well. They're not startup founders, and they have rarely identified or built new approaches and new technologies that drive organic growth from within.

Usually, they're people that have had straightforward corporate jobs. Whilst their jobs may have fitted the regular career path, there's something else that differentiates these venture builders.

The venture team is usually composed of people who think fresh. They've probably had trouble fitting in. They know that their company has maxed out on growth, and that the business is having a hard time transforming to be relevant in the future. They are not necessarily the people with great ideas — fundamentally, it's about execution power.

Like the typical entrepreneur, they are always questioning. Can this be done better? Can this be done differently? Is there a way to do this more efficiently? For corporate venture

building, you need people that question how things are and dare to change, despite the resistance that inevitably comes their way.

If you treat them well, if you give them the freedom, if you also give them space and financial support, they will actually put their ideas and efforts to work for the organization. Because if you don't have that space, that budget, that freedom, they will leave sooner and later, and may end up competing against you.

Christian has identified five capabilities or personality traits of people who are best suited to being a venture builder inside a corporation. They:

- **Are doers.** Corporate venture builders don't necessarily come up with that disruptive idea, but they are great in execution.
- **Are open minded** to unlearn everything they've ever learned about processes, structures, and procedures.
- **Understand deeply** where your industry is going. What are the trends in the coming five to ten years? What are the threats?
- **Are ready to push through.** Perseverance and persistence are critical capabilities for entrepreneurs, but they're even more important within large organizations. Venture builders are prepared to hit the same walls again and again and still have the energy to keep going.
- **Are ready to leave.** Venture builders know that any day could be their last day. If you're not ready to be fired, you're just not pushing or thinking big enough.

Innovation Leaders: Create the Environment For Success

Innovation leaders play a crucial role in creating the environment for corporate

venture builders to succeed. They need to manage the relationship with various stakeholders in the mothership, and as such create the support and secure the resources needed.

It's their task to find and engage "growth advocates" across the organization.

Who in Legal will write the 1-page term sheet for the deal with a startup you need to accelerate the venture (bypassing the 40-page term sheet)? Who in Procurement will get a new vendor the startup needs to partner with on your approved list in a week vs. 90 days? Who in Marketing is going to challenge the traditional brand police and help the new venture develop momentum in the market? Who in HR is going to fast-track employees needed to build the new venture who don't look like your typical employee?

When it comes to the corporate venture building team, they need to carefully manage the composition of the team and the balance of different profiles needed. For sure, it won't work if 100% of the innovation team are of the entrepreneurial "questioning" profile as described above, as that can backfire pretty quickly both within the team and in collaboration with the mothership. The optimal balance would be to welcome 3-4 troublemakers out of 10 team members, with those other 6-7 to be more process-oriented project managers.

Think of Tech Leads, who can evaluate feasibility, defining and building a product or service. A Product Lead who drives the vision and roadmap, experiments and looks at technical feasibility. A Go-to-market pro, who is able to develop competitive analysis, marketing, sales, pricing plans and engage customers. And a multitude of other subject matter experts.

It's important to note that the different phases of the venture building process require different profiles. For example, in the incubation phase, one needs to follow a structural process. Once you go into acceleration, that typically requires a lot of experience in the domain and that may ask for other people.

Even though there's no formal way to assess candidates, carefully listen to internal conversations about the people that are complained a lot about- in the sense that they are persistent in challenging the status quo, which makes most corporate professionals uncomfortable.

A Career as Corporate Venture Builder?

The one thing that unites successful corporate venture builders is that they aren't doing these roles to just advance their careers. They do these roles because of a deep sense of purpose to the problem they want to solve, and a loyalty to the organization for being able to step into solving it. They know the company can do better, and that it needs to transform. They risk even their careers for that goal.

One could ask - why even care about a role as corporate venture builder seeing the sheer impossible task of building and scaling new businesses from within, and delivering transformational change in the process?

Most corporate venture builders know that in big companies, you can create great things. With all the assets available, from expertise to marketing to distribution, no startup can match the potential of solving that problem the venture builder is so passionate about. That's why serial venture builders keep doing this work.

Of course, if you are the corporate venture builder looking for a new role, it's important to assess how serious a company is about their innovation strategy in general, and venture building in particular. Is leadership really on board, and do they put their money where their mouth is? Is there sufficient understanding about the environment and success factors for

venture building, also when it comes to legal to HR matters, and is it being practiced?

If you can't see evidence of the ambition being put into practice, chances are the company is just trying to look fancy but playing innovation theatre.

Viable Innovation Teams



Bruno Pešec
The Profitable Innovation Expert

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The right people with the right idea at the right time and with the right funding can do wonders.

Yet what is considered “right” can vary significantly from day to day, and determining what factors contribute to building a viable innovation team can be challenging.

The Four Basic Elements Of Viable Innovation Teams

To determine the key factor behind the success of an innovation team, it's important to make a critical distinction between groups and teams in a corporate setting. Both groups and teams have significant roles in innovation. Still, they differ in three crucial dimensions that ultimately affect the outcome. The first dimension is goals. In groups, individuals have individual goals, while in teams, there is a shared communal goal. In a group, the goal is often a combination of personal goals, whereas in a team, every member works towards achieving a specific objective.

The second dimension is rewards. In groups, individual goals are associated with individual rewards, while in teams, rewards are linked to the shared communal goal. In other words, team members are incentivized to

work together and collaborate to achieve a common goal.

The third dimension is efforts. In groups, the efforts of individuals are more independent, while in teams, efforts are interdependent. This means that in a group, individuals work independently towards their individual goals, while in a team, members work together and rely on each other's efforts to achieve the team's objective.

In the corporate innovation context, it's crucial to distinguish between innovation groups and innovation teams. Confusing the two can lead to destructive outcomes, as Bruno points out. Innovation teams are tasked with bringing innovative ideas to fruition, working together towards a common goal. In contrast, innovation groups provide guidance and support, often working behind the scenes to help foster innovation across the organization.

That being said, what makes innovation teams viable? What factors contribute to their success and ensure they have the potential to bring ideas to life?

The Right People with the Right Idea...

For innovation teams to exist and thrive, it's imperative to have the right people working on the right ideas. People and ideas are two sides of the same coin: ideas can't be brought to life without skilled individuals to execute them.

“Ideas don't get executed out of thin air. Organizations are legal constructions; it's people that ultimately get work done”.

Having the right people on an innovation team goes beyond 'just' skills and expertise. They must share common goals and values, understand the overarching objectives, and be committed to achieving them. They must also be willing to learn, adapt, take risks, and challenge the status quo.

Once the right people are in place, the team can focus on executing the right ideas. These ideas should be relevant, feasible, and aligned with the organization's goals and objectives. They should address a specific problem or need, creating new opportunities for growth and value for the corporate.

... at the Right Time and with the Right Funding

Timing and funding are the two additional critical factors that significantly impact the viability of corporate innovation teams. The right timing is essential for teams to identify and seize opportunities at the optimal moment to achieve maximum benefit. This involves understanding the market, industry trends, customer needs, and technological advancements to determine the best time to launch an innovation.

“Timing is everything. Launching a product too early or too late can result in missed opportunities or failure to capture market share”.

The availability of the right funding is equally crucial. Adequate financial resources are necessary to develop, test, and launch new solutions. Without sufficient, appropriate funding, innovation projects may never get off the ground or fail to reach their full potential.

Timing and funding are interdependent factors: even if an innovation team has groundbreaking ideas and talented people, their chances of success are significantly reduced without the right timing and funding. Bruno highlights this point by sharing the story of Zoom, which started within a company that wasn't ready to move forward with the idea. The founder then launched Zoom independently a few years before the pandemic.

It's also worth noting that timing and funding are temporal, dynamic elements. As market conditions, customer needs, and technology trends evolve, timing and funding can change, requiring innovation teams to be flexible and adapt their strategies accordingly.

Building Viable Innovation Teams: Here's How

Having covered the key factors contributing to the viability of innovation teams, let's now explore how to determine what constitutes the “right” combination of people, ideas, timing, and funding for your corporate. Bruno proposes a simple four-step process comprising practical actions and questions that innovation leaders and team members can use to build well-equipped innovation teams and drive growth within organizations.

1. Right ideas (relevance and desired outcomes): selecting the right ideas to develop is crucial, yet it can be very challenging. The easiest filter you can use to select the ideas is their strategic relevance to the business. In other words, the right

idea should contribute to the organization's strategy, goals, and ambitions. Even if an idea is the best in the world, it's unlikely to work out as expected if it doesn't relate to the organization in some ways.

As an innovation leader, consider the following questions to determine the right idea worth executing:

- What is it about and who is it for?
- What's valuable about it?
- How would it contribute to the organization's strategy and ambitions?

2. Right people: what people would be the best talents with the necessary skills and expertise to execute the selected ideas in your organization? Be very specific when choosing individuals and avoiding listing random people. Of course, the ideas' owner(s) must be included in this list.

As an innovation leader, consider the following questions to identify the right people for the team:

- Who is the idea owner?
- What skills are needed to take the idea to the next maturity level?
- What is the smallest team required to do so?

3. Right timing: it's up to team members to scan the market and identify the signs necessary to determine whether "now" is the right time for their innovation to succeed. To do this, they must clarify what conditions need to be in place for the timing to be right. Examples of such conditions include a market downturn, the emergence of a new market entrant, a change in specific customer behavior, and so on.

As an innovation team member, consider the following questions to determine if the timing is right for you:

- What would be the signs that the timing is right?
- How would we know that?
- What should we do if the time isn't right?

4. Right funding: as a final step, innovation teams must define the minimum amount of funding required to execute their ideas, which can include not only monetary terms but also a list of all necessary resources, such as permissions to start working.

As an innovation team member, consider the following questions to determine the right funding you need:

- What are the minimum resource requirements to achieve the above?
- What's the smallest step that could be funded right now?
- Who would be the most fitting investor?

Ultimately, this all boils down to opportunity cost, which is the value of the next best alternative forgone when a choice is made. In the context of innovation teams, opportunity cost refers to the value of resources that could have been allocated to another project or initiative. Therefore, investing in an innovation team that lacks one or more of the four key basic elements – right people, idea, timing, and funding – can result in a significant opportunity cost for the organization.

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Sustainability & Climate

Your Time to Act: How Green Venturing Could Solve the Climate Emergency



Christian Lindener
Co-Managing Partner EMEA at Mach49

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Focusing on climate action is both an ethical responsibility and a strategic necessity for survival and success in a changing world.

Maybe your company has committed to becoming net-zero by 2030, has science-based targets for reducing carbon emissions, and has endorsed the Paris Agreement. That's a good start, as it signals a proactive and responsible approach towards environmental sustainability, which also positions your company strategically in today's competitive and environmentally conscious business landscape.

Yet, we have to be realistic. Do you think your company will achieve the net-zero target before 2030? It's very likely that that's not going to happen.

Norway's biggest sovereign fund, Norges Bank, has 9000 portfolio companies. Only 17% of these companies have credible Net Zero plans. Deloitte found that the majority (42%) of their clients surveyed do not have any attached actions to achieve their ambitious Net Zero targets. Both revelations highlight that achieving net-zero within a few years is far-fetched.

As a result of not meeting net-zero targets, there will be serious repercussions on your business. What are those?

Effects of Climate Change on Businesses

Climate change will impact your revenues, if it hasn't already. Insurance companies have already experienced significant financial losses due to catastrophic events like wildfires. 20% of the world's GDP is in jeopardy, with banks being the most impacted. Experts predict that the effects of climate change could result in a staggering \$1 trillion in damages. Therefore, if only from that perspective, businesses should be extremely worried about the implications of climate change and take it seriously.

Only 50 years ago, the average lifespan of F500 companies was 75 years. However, this lifespan has already decreased to 15 years pre-pandemic, and this decrease is accelerating thanks to climate change. Both these indicate that immediate actions should be taken on climate change, or else you may face obsolescence.

On top of all that, government policies are not helping. The policies are only adding to the misery. The current policies of the government are not sufficient to address the pressing issue at hand. Still, excessive amounts of carbon are being released into the atmosphere, leading to a rise in global warming.

What's the solution for corporations to address climate change?

The Solution: Venture Building and Venture Investing

Climate techs hold the potential to make a significant impact on the environment and lessen the adverse effects of global warming. Currently, there is a significant amount of money being invested in the market, \$1.5 trillion— but to truly make a difference a whopping \$9 trillion will need to be poured into climate technologies over the next few years.

It is important to acknowledge the scale of the financial commitment required. The \$9 trillion needed to support climate technologies is a significant amount that calls for substantial efforts in mobilizing resources. Governments and corporations like yours must work together to create an environment conducive to funding these technologies.

The urgency to address climate change cannot be overstated. It has reached a critical point where action must be taken now to prevent further damage. From a business perspective, this presents a lot of opportunities, as the market for climate tech is growing rapidly.

Also, after the tech layoffs, there's a lot of talent on the market that now is open to considering working for corporates.

Because of the recession, the market conditions will lead to lower valuations, making it a good time for corporate venture capitalists (CVCs) to get involved. Unlike traditional venture capitalists (VCs), CVCs have a long-term investment perspective. Waiting for the market to improve is not a valid excuse. Investing in climate and sustainability initiatives can yield a return of four dollars for every dollar invested.

When it comes to climate change, time is of the essence. We only have seven years to reverse the damage that has been done over the past three decades of living in abundance and excess. From a corporate innovation perspective, venture building and venture investing offer the necessary speed and scale.

Chris's colleague Linda Yates wrote the book "The Unicorn Within", that outlines in detail the best-in-class venture building and investing methodology, so there is a clear answer to the question how to make it work.

In the light of venture building and investing, it's important to create an environment where your executives get educated and empowered to embrace this approach.

In addition to this, don't forget the importance of bottom-up disruption. Many people inside your organization, often with specialized knowledge and relevant experience, will want to be involved.

Building Corporate Sustainability Ventures



Sebastian Müller
Founding Partner at MING Labs

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Building corporate ventures with a positive impact mission is challenging.

The sustainability transformation is inevitable and rewarding from different angles. Previous research shows that 81% of a globally representative selection of sustainability-driven companies outperformed their counterparts in 2020, despite a market downturn. The large majority of corporates however still mainly focus on CSR and business-as-usual innovation, rather than developing new products and services that can positively impact the planet and people.

This is likely caused by them not having the right approach, mindset or tools to make that shift.

Here's what we learned about building corporate sustainability ventures.

How To Build A Corporate Sustainability Venture?

Almost all large corporations are working toward zero CO2 emissions. As such, they primarily focus on ESG criteria in an attempt to reduce the damage they're causing and be bottom-line neutral. However, sustainability is more than CO2 emissions alone.

Today, corporates are being asked to shift their focus from "reducing damage" to "creating a positive impact", which equals having an active, positive impact on the planet, people, and profit simultaneously. Easier said than done? The following six key lessons can help you build corporate

ventures that have an impact in the sustainability space.

1. Synergize Your North Star With The Corporate

Whenever we talk about the sustainability impact of ventures, there's a solid element of purpose. And this purpose – the North Star, or the mission – is often rooted in a problem the venture builders feel strongly about. It helps them face the everyday adversity they may encounter and even attract the right people and collaborators.

In a corporate context, the more the venture's North Star is aligned and overlaps with the corporate's vision and purpose, the easier it will be to protect the venture itself and secure buy-in and support. And so, to align your North Star with the corporate, consider to:

- Conduct visioning sessions with leadership
- Identify aspects of the corporate purpose and vision you can adopt for your venture and frame your North Star accordingly. The Ikigai concept can help you in this sense. The Japanese word "ikigai" means "life purpose" or "reason for being" and refers to defining the personal meaning of life in relation to talents, passions, profession, and more. In a corporate venture-building context all of this translates into how the venture's purpose takes into account:

- What the company is uniquely good at (the corporate should have some exposure to what you're dealing with for them to find the endeavor meaningful);
 - What the people at the company are passionate about;
 - How the venture can create economic value;
 - What the world needs.
- Story tell your purpose and vision as the "Why" of your venture early on and repeatedly. According to Sebastian, corporate venture builders can use the United Nations SDGs (or Sustainable Development Goals) to provide a good framework in this sense. For instance, you could start looking at your corporate to identify its impact on some of the 17 areas the SDGs highlight. Thus, take those specific SDGs into account to set up ventures. This will help you create a strong North Star that synergizes with what the corporate cares about sustainability-wise.

2. Have A Theory Of Change That Leverages Corporate Assets

Sustainability ventures are meant to tackle complex subject matters, systemic in nature. As a result, they may need to develop a Theory of Change to address the system as a whole rather than just one component. A Theory of Change is a comprehensive description of how and why a desired change is expected to happen, a clear articulation of how inputs and activities translate to outputs, outcomes, and impact that changes the problem you're trying to address.

"If you want to change the system and find a new equilibrium, you must understand the system first".

Yet it can take decades to fully implement the set-out change. Thankfully, corporate ventures can supercharge this process by leveraging their corporate assets to gain an impact advantage. "You can have 10x more impact than a venture in the wild if you learn how to leverage the corporate assets in your Theory of Change", says Sebastian. But how do you go from inputs to impact? And where does that unfair corporate advantage come in?

To answer these questions and develop a Theory of Change that leverages your corporate assets, consider to:

- Look at corporate assets from a viability and impact lens to find amplification.
- Map out which part of the system you are addressing is in any way in touch with the corporate already.
- Identify influence points within the corporation that could support the change you want to affect.

Once you find what matters to the corporate and the leaders, they will protect the venture and give you the resources you need.

3. Find And Shape Asymmetric Impact Opportunities

The type of impact you want to create and how you amplify it is critical. Every venture will have positive and negative impacts- nothing is 100% positive. The important thing is to be mindful of the positive and negative impacts and ensure that the former scales very fast as the business grows while the latter does not. Analyzing your original idea is crucial to evaluating and measuring its impact, and amplifying the "good" ideally to a point where it becomes regenerative.

“Great impact ventures find a way to limit the negative impact they can have while leaving the positive impact uncapped, creating an asymmetric impact model”.

And so, to shape asymmetric opportunities for your impact, consider to:

- After identifying your solution and business model, iterate to amplify the positive and limit the negative impact.
- Iteratively apply different frameworks of circular design and related disciplines to get new ideas.

4. Define And Align Your Business Boundaries

Impact-driven ventures are launched to address specific sets of problems. By definition, there are floors and ceilings for various aspects of their operation. There's a limit to how much you can scale a particular solution.

“Nothing should be strategized to keep growing forever. Every product or service should have a clear vision for itself”.

Boundaries help determine what is healthy and what is not., and set the right expectations. They must be established early on and communicated to the corporate. And it's important that ventures do not overshoot them to stay on track with their mission.

And so, to define and align your business boundaries, consider to:

- Challenge the various aspects of your business model canvas to establish clear boundaries for the business.
- While remaining on a mission, define minimum and maximum states for various input and output factors.

- Communicate and workshop those boundaries with your team and the corporate to foster alignment.

5. Design A Sustainable Organization

Sustainability is about the overall impact you want to create. Therefore, sustainability is more than just creating a new product or service. Instead, it's also about ensuring the corporate is designed as a sustainable system to keep the negative impact manageable when expanding your mission. Otherwise, you might scale good intentions into bad results and negative effects.

“If you want to build a sustainability-oriented venture, you also need to ensure that the organizational structures and everything the corporate does is sustainable”.

When every corporate decision is made with sustainability in mind, the venture's mission is reinforced and stays relevant as it scales. The sustainable business model canvas is one of the tools you can use to ensure that all parts of your business are thought of from a sustainability angle. By reframing and adapting some of the standard questions, this tool can help define what to keep and what to replace.

And so, to design a sustainable organization, consider to:

- Design your operating procedures to minimize, for example, energy and material usage. Also, source what it's used sustainably.
- Set metrics to measure your corporate's footprint and regularly review them.
- Forecast and measure how your footprint will scale as you grow, and design a sub-linear scaling model.

6. Measure Your Impact Obsessively

All we have discussed so far goes hand in hand with obsessively measuring the impact across the new venture's lifecycle as part of the regular business checkup.

“Only what gets measured gets managed. Measuring your impact should be part of your business checkup, just like measuring your customer loyalty and sales”.

Today, the sustainability space is overrun with founders claiming to create a positive impact. At the same time, there's little evidence beyond their ambition. Especially corporate ventures will be challenged and scrutinized regarding their authenticity in this space. There's no standard way to

measure sustainability across different types of projects. “Every case is unique,” – says Sebastian – “you always have to establish how to measure sustainability from scratch. Doing a custom analysis and even involving an outside expert can help you in this”. Hence, consider to:

- Turn your Theory of Change into a clear KPI system that you can work with to measure your impact over time.
- Treat that KPI system as your compass and review/course-correct regularly to increase your impact.
- Make impact KPIs part of your board reporting to the corporate to ensure they are treated with high priority. Being transparent is extremely important, both internally and externally.

Aliaxis Next – A Business Builder of Solutions to the World's Water Problems



Fredrik Östbye
Head of Aliaxis Next at Aliaxis

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Water scarcity is a critical problem facing the world.

The UN predicts that under current trends, demand for water will exceed supply by 40% already in 2030. By then, 3.9 billion people will live in water-scarce areas. At the moment, 70% of the fresh water withdrawn from the planet is used in agriculture, 20% in industry and 10% in buildings where we live and work. Yet more than a third of that water is lost due to leaks. Furthermore, almost a third of the global population does not have access to piped water in their homes.

As a family-owned business that has been focused on building pipes, Aliaxis created a new division Aliaxis Next to address these issues.

Business Growth and Societal Impact

The mandate for Aliaxis Next is to deliver both business growth and societal impact, by providing water management solutions in alignment with Sustainable Development

Goal 6, aiming to ensure water availability and sustainable management for all.

The four focus areas include reducing water consumption in buildings and industries, implementing sustainable water management, developing resilient water infrastructure through digitization, reducing water consumption in food production, and providing access to water for the 2.2 billion people who currently lack it.

Within each focus area they defined categories to ensure they are addressing the right problems with the appropriate solutions. The company seeks to collaborate with existing entrepreneurs who are already working on solutions and aims to take their work to the next level through classic corporate venturing, acquisition of businesses that align with their goals, and building ventures from scratch in their venture builder.

Aliaxis Next has engaged with eight startups so far, with a total of 15 engagements planned. These engagements include partnering with companies like HydroPoint to save water in buildings, CropX to reduce water consumption in agriculture, Optics to turn stormwater into an asset, and Apex10 to digitally optimize water utility infrastructure restoration.

The company carefully selects investments based on their potential to make a significant impact, even if they are not directly related to pipes or water. Its disruptive solution, Pool Pack, reduces water consumption in industrial processes. The solution has nothing to do with pipes but aligns with Aliaxis' water-saving objectives.

7 Choices

To succeed in their mission, they made several clear choices about how they operate the newly formed unit, as outlined below.

Organize for success – Aliaxis Next has been set up as a new division, with the same principles as their existing divisions. They have their own P&L.

Invest to make it happen – Unlike many corporate VC's that invest in multiple bets to see if it happens, Aliaxis Next invests in companies to make it happen. They actively engage with the companies they invest in, providing support such as changing the dynamics of the board and coaching the CEO.

The ecosystem approach – The company believes in the power of partnerships and takes an ecosystem approach, collaborating with other companies, big and small, to address the big problems they aim to solve. They aim to have multiple entrepreneurs working in parallel towards the same goal rather than simply acquiring companies and trying to integrate them.

Build category winners – Their strategy is to build category winners, selecting one company per category and helping them become the largest player in that category through finding and acquiring necessary ecosystem contributors.

Create exponential growth – To achieve exponential growth, three key elements are necessary: a recurring business model, a strong customer relationship, and inbound lead generation through word of mouth and digital marketing. Providing an excellent customer experience is also crucial for sustaining exponential growth. Aliaxis typically guides their ventures to have three strong teams: sales and marketing, customer success, and R&D. The sales and marketing team focuses on attracting customers, while the customer success team ensures customer satisfaction and value realization.

Differentiate and disrupt – Aliaxis Next doesn't at all work in Aliaxis' core business. They allocate most of their efforts (70%) in the adjacent space coming up with solutions new to Aliaxis to differentiate itself from competitors, and the remaining efforts (30%) coming up with solutions new to the world, to disrupt the market.

Aim for control, over time... – The company aims to take control over time. For VC's and entrepreneurs they are a strategic partner, demonstrating long-term commitment.

Alignment With Mothership

When a separate business unit coexists with existing businesses within the organization, there may arise potential challenges and overlaps in solutions. The existing businesses realize that they cannot offer the same types of solutions and hence appreciate the separate unit for bringing innovative offerings. This allows the organization to present

themselves as working on future solutions and become more interesting to customers.

The ready-to-use digital offerings that the separate unit provides can also benefit existing businesses, particularly in the utilities sector. While the existing businesses focus on traditional products and pricing, the separate unit addresses the need for digital offerings that are in high demand from customers. The separation of the unit was a positive decision as it allows the organization to cater to different customer requirements and expand their range of services. Overall, the separation works well for both the separate unit and the existing businesses.

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