The Innovator's Handbook 2018

88+ crowd-sourced questions
28+ experts
1 playbook to boost your innovation outcomes in 2018

Let's make waves. Together.

Most large companies are now taking innovation seriously.

They're implementing labs, training, and programs. They're creating dedicated innovation functions. There's more talk —and action— around fostering intrapreneurship and creating an innovation culture across organizations.

But that doesn't mean our lives as corporate innovators are getting easier.

The pace of change is high. The pressure for results is on.

And you're operating without a playbook. While the potential results are worth it, it can be pretty lonely out there on the edge.

You're working hard to spread excitement, get people engaged, and garner support; while some folks do support your agenda, it would be nice if more people just 'got it'.

That's why we've created the Innovators Handbook 2018. This is your playbook to further improve your innovation engine. To get and maintain leadership support. To lead the change.

This is a crowdsourced book. You asked the questions. We found 28+ experts to answer them for you.

You'll find great value in them sharing their best practices, their experiences and their advice— every step of your journey as innovator. Enjoy!

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Innov8ors Handbook 2017

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Andy Cars is a serial entrepreneur and advisor. He sold his first company to Bertelsmann Music Group (BMG) in 1995. As an advisor, he draws on his experience working with hundreds of startup teams as coach, mentor and business angel. Andy founded and successfully brought startups to market, and was involved in designing start-up accelerator programs and advising on how to create and grow startup ecosystems.

In 2014 Andy founded Lean Ventures, an innovation consultancy based in Stockholm. He helps companies build measurable innovation strategies and intrapreneurship programs by applying the mindset and methodologies of lean startup and design thinking. The end result is less risk and reduced time to introduce new products and services to the market.

Andy is passionate about innovation, entrepreneurship and seeing the businesses and people he works with grow. He values working with passionate people who put the customer first and wants to have a positive impact on the world.

Janett Egber

CEO
Association of Accounting Technicians Australia
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Janett Egber is a speaker, mentor and facilitator working to support and grow Australia's intrapreneurship ecosystem. She is founder of the Egber Group, a consultancy dedicated to supporting change makers, catalysts and innovation leaders. Janett brings decades of experience in corporate innovation, strategic partnerships, business development and strategic marketing.

In her role as CEO of the Association of Accounting Technicians Australia (AAT), Janett combines her two passions for intrapreneurship and small business advocacy. She is committed to making a positive impact through innovation and leading change from within while working to support Australia's small business community.

Janett is also the Australian Ambassador for the Global League of Intrapreneurs, an international network for intrapreneurs addressing pressing societal and business challenges. In this role, she connects innovation leaders and changemakers across sectors to bring about change at a systems level.

Sugath Warnakulasuriya

Managing Director
Thalamus Labs
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Strategic advisor and entrepreneur Sugath Warnakulasuriya combines breakthrough technology with world-class design to improve the way people live, work and play. As Managing Director of Thalamus Labs, he applies the latest digital business-building techniques to help global enterprises and startups accelerate growth.

Sugath brings more than 30 years of executive management, operational and top-tier consulting experience to the table, developing product, sales, and go-to-market strategies for a wide range of industries.

He was co-founder and CEO of 10EQS, a consultancy that helps Fortune 500 companies develop new market opportunities. Sugath also consulted for McKinsey & Co, where he helped enterprises build new products and execute growth strategies, and was CTO and co-founder of eLink Commerce, a collaborative commodity logistics platform.

He has a PhD in Electrical Engineering and an MS/BS in Computer Science from the University of Southern California, where he also studied Entrepreneurship at the Marshall School of Business.

Paul Hobcraft

Innovation Advisor
Agility Innovation
@Paul4innovating

An advisor, coach and consultant, Paul Hobcraft helps organizations build innovation capacity, competencies and capabilities. His consultancy, Agility Innovation, focuses primarily on the work-to-be-done, offering advisory services to support organizations in rapidly changing environments. Paul's practice helps teams understand the dynamics, values and interactions that are critical to the future engagement within innovation management.

He has held a number of senior positions in global enterprises, where he tackled diverse challenges, including starting up businesses in emerging markets, turning businesses around in challenging market conditions, and re-engineering a global organization. Most recently he has focused on accelerating companies, getting them through critical points to achieve a positive contribution to the world.

Paul's work as an advisor is supported by his research, which focuses on innovation capacity, competencies and capabilities within innovation practice. Committed to extending the body of knowledge on innovation, he writes about his research and experiences in the field at Paul4innovating.

Dr. Simone Ahuja

Founder & Principle
Blood Orange
@SimoneAhuja

Dr. Simone Ahuja is the founder and principle of Blood Orange, an innovation and strategy advisory firm that supports intrapreneurship and execution. Her teams help large firms behave more like start-ups through a fast and frugal innovation methodology that moves ideas through to execution.

Her ethnographic research into how individuals and companies in emerging markets are solving pressing problems with minimal resources is the foundation of Jugaad Innovation, the book she co-authored. Simone's next book, *Disrupt-It-Yourself — Hacking the Corporation to Make it Fast, Fluid and Frugal*, is due out in 2017.

Simone is an advisor to MIT's Practical Impact Alliance, which fosters collaboration between changemakers with the goal of sharing knowledge catalyzing change within organizations. She has served as a consultant to the Centre for India & Global Business at Judge Business School, University of Cambridge, and as an associate Fellow for the Asia Society in New York City.

People

EXPERT
GIFFORD PINCHOT

CURATOR
SIMONE AHUJA

VIDEO LINK
VS.INNOV8RS.CO/GIFFORD

Recognizing the Intrapreneur

Characteristics, Behaviors, Mindsets and Skills

BIO
Gifford Pinchot is an entrepreneur, sustainable business school founder and advisor on intrapreneurship, sustainable innovation and organizational intelligence. He is the author of Intrapreneuring: Why You Don't Have to Leave the Corporation to Become an Entrepreneur.
@GiffordPinchot

Intrapreneurs are a unique breed of rebels with a cause, sharing a deep purpose and a set of qualities that propel them forward in spite of the barriers of the organizational immune system.

Gifford Pinchot coined the term "intrapreneurship" in 1978. He spoke with Simone Ahuja about his extensive experience with the curious, flexible intrapreneur mindset, unpacking the ways intrapreneurs drive innovation with their passion for putting ideas into action.

Spark an intrapreneur identity shift

Intrapreneurs have often been told by parents, schools and employers that the characteristics that make them an intrapreneur are the very things that are wrong with them. As a result, they try to suppress those qualities, dampening their intrapreneurial spirit.

When companies provide intrapreneurial training, they expose people to stories that get at how successful intrapreneurs think and act. This sparks self-identification, bringing out the "inner intrapreneur" in far more people than you might expect.

Select class A intrapreneurs

Gifford named two reasons why managers need to be able to identify the characteristics of real intrapreneurs:
1. To differentiate the real intrapreneurs from promoters who just talk a good game.
2. To refocus the company's innovation strategy on selecting the right intrapreneurs instead of selecting for ideas. Eighty percent of the variation in success is due to the right people, not the quality of ideas.

SEVEN QUALITIES OF INTRAPRENEURS:

- Curiosity
- Action
- Meaningful purpose
- Dedication in the face of resistance
- Courage and persistence
- Whole-systems thinking
- Collaboration

He also singles out more complex characteristics:
Intrinsically motivated: Intrapreneurs do the work with honesty and integrity because they have a passion and a purpose to fulfil.

A "both" characteristic: They are both dreamers and doers, a balance of intuitive and analytic, they take moderate risks while simultaneously finding ways to reduce risk.

A self-appointed general manager of the idea: They take responsibility for every aspect of implementing an idea, even if they delegate.

"Intrapreneurs are the dreamers who do. They're not just seeing the future, they're taking the practical steps necessary to make that future come into being."

—Gifford Pinchot

Build relationships

The key to making intrapreneurship work is relationships, not process. No system can move intrapreneurship forward without a close trusting relationship between the intrapreneurs and the sponsors who support them. Sponsors protect the intrapreneurs, find the resources they need, and coach them so they don't stir up the organization's immune system. The greatest reward you can give an intrapreneur is the freedom and resources to implement their ideas.

Support from within

Intrapreneurship has gone on for years in large corporations – though often with no official recognition – it allows companies to innovate and survive. If it weren't for past intrapreneurs, the innovation currently keeping every large organization alive wouldn't have happened.

To foster more innovation, leadership must support intrapreneurs. For example, leaders can create formal systems that give intrapreneurs more freedom, or they can support and reward the managers who are effective sponsors of intrapreneurs. Great sponsors are more scarce than intrapreneurs, but training can help increase numbers.

Focus on implementation

Intrapreneurship needs to be more about doing than about coming up with ideas, said Gifford. Too many intrapreneurship programs focus on idea selection and business planning. These are glorified suggestion programs, not intrapreneurship. Real intrapreneurship helps intrapreneurs get through the challenges of turning their ideas into profitable realities.

EXPERT
NICK DE MEY

CURATOR
SIMONE AHUJA

VIDEO LINK
VS.INNOV8RS.CO/NICK

Intrapreneurs:

How to Spot, Develop and Retain Them

BIO
Co-founder of intrapreneurship consultancy Board of Innovation, Nick de Mey works with his team of designers and entrepreneurs to help large enterprises innovate like startups.
@nickdemey

Up to 70 percent of intrapreneurs get their ideas while working for large organizations. Then they leave to launch their own businesses, in large part because these ideas require a new business model. Nick de Mey talked with curator Simone Ahuja about how companies who are committed to innovation can best recruit, engage, reward and retain their intrapreneurs – and ensure their innovation team's success.

Support instead of control

Connect the innovation team to a senior leader with the reach and responsibility to make decisions fast. Don't risk despair and disengagement due to leadership being bogged down by slow, cumbersome bureaucracy.

Nick tells of a client whose intrapreneurship team had great success with a direct, albeit unusual line to the top. Every two weeks, the CEO would meet the team at a nearby café for an informal stand-up meeting, sharing how their work was going and what the CEO could do to support their mission/objectives.

Contrast this with the more common formal presentation before the Board, adds Nick, where the team would nervously spend three or four days working up slides for their presentation instead of spending that precious time on the task at hand.

Recognition as reward

Effective incentives start with really knowing your people. For some people, making a positive impact that is recognized by leadership might be more fulfilling than the promise of equity. Others might cherish a role as an internal evangelist for innovation, visiting other departments and sharing what they've learned, or even in an external communications and branding role as the face of innovation at their firm.

“Prioritizing people over projects was the best lesson we’ve learned.”
—Nick de Mey

Structure for intrapreneurship

Although the research is still ongoing, Nick and Simone both agree that surprisingly, financial incentives like equity or profit sharing don’t seem to work that well. Intrapreneurs don’t relish the risk of starting their own project completely from scratch. If they’re choosing to remain within a large company, it’s because they’d rather innovate from within a structure, with the security and support that comes with it.

Connect divisions, retain intrapreneurs

Innovation experiments often fail when they’re handed over from the original intrapreneurs to a more conventional operational division. There are good reasons to keep the original intrapreneurs connected to their experiment after validation and test marketing, and good reasons to move your intrapreneurs onward. In either case, the goal is retention.

STAY WITH THE EXPERIMENT	MOVE ON TO NEW PROJECTS
Keep intrapreneurs connected to the site of their success!	Let intrapreneurs spread their wings (and wisdom)!
There’s value to keeping them connected for the first six months of the initial scaling.	By definition, intrapreneurs often like change, so they might not enjoy the multi-year process of building their idea into a market success.
It can be beneficial to have them “check in and challenge” the project’s development every two to three months.	Don’t waste talent! Your intrapreneurs can be ambassadors for your company-wide innovation process, positively impacting other initiatives because they’ve experienced it themselves.

EXPERT
PHILIP HORVÁTH

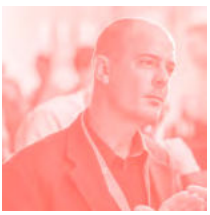
CURATOR
HANS BALMAEKERS

VIDEO LINK
VS.INNOV8RS.CO/PHILIP

Being the Innovator Isn't Easy

How Do You Stay Fit for the Role?

BIO
Partner at LUMAN, philip horváth is explorer and teacher of culture and leadership at the edge of the emerging future. Working with companies and their people to prepare them for exponential transformation.
@philiphorvath



It's lonely being a changemaker. Organizations, by their very nature, typically resist change. Most people shy away from doing something different because it comes with a tremendous social risk. The lone voices for change face opposition and can easily get discouraged.

Meanwhile, we need new solutions to global problems more than ever, says philip horváth. He's made it his life's mission to support changemakers: artists, entrepreneurs, intrapreneurs, activists... anyone who is trying to establish something new. philip talked with curator Hans Balmaekers about how to create optimal conditions for changemakers to spark real cultural change inside organizations.

How to actively support changemakers

1. Make people feel psychologically safe
People who feel psychologically safe at work are able to reach higher levels. They can show up fully and know that they are respected. This results in good feedback, and a high level of integrity between people.

2. Give people permission to be themselves
When people can truly be themselves, they feel psychologically safe enough to unleash their creativity. They stop trying to be workers who do their jobs "right" and instead get to be human beings who do their jobs well. Astonishing things can happen.

3. Understand that cultural change is a process
Every individual, through how they show up, impacts culture. When people realize that they are the origin of culture, they have the power and self-reliance to shape what a culture becomes.

> **"Innovation has become a topic because we're not doing it naturally anymore."**
>
> —philip horváth

Google's five key dynamics that set successful teams apart:

1. Psychological safety
2. Dependability
3. Structure and clarity
4. Meaning of work
5. Impact of work

4. Let people be driven by a higher purpose

People with a sense of purpose are motivated by something bigger than their careers. By coming from a place of passion, they have emotional investment; they learn to use the resources of their company to make things happen.

5. Seek alignment (not agreement)

People don't have to agree with each other. Seeking agreement creates disruption and a lot of unnecessary meetings. Instead, find a higher purpose around which people can align, even if they disagree on how to attain that purpose.

6. Work with others

As the proverb says: "If you want to go fast, go alone. If you want to go far, go with others." Creating change is a collective journey. Once you have a purpose, find others with whom you align and collectively move things forward.

EXERCISE: WRITE YOUR OWN OBITUARY

To find your purpose, imagine that you're dead. Imagine your funeral: who's there? What have you created in your life? What impact have you had on the world?

Looking at your life this way helps you orient around a new foundation for your activities, allowing you to approach them from a place of personal investment.

EXPERT
RICARDO DOS SANTOS

CURATOR
ANDY CARS

VIDEO LINK
VS.INNOV8RS.CO/RICARDO

Democratizing Innovation:

Is Everyone an Innovator?

BIO
Founder and Managing Director of Cataventus, Ricardo dos Santos is a leading expert on innovation and entrepreneurship, driving ventures at corporations and tech startups, and creating Collective Entrepreneurship, where crowdsourcing meets self-forming teams to accelerate ideas.
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While most now know that innovation isn't simply about brainstorming and beanbags, big corporations and startups still struggle to understand the structural changes necessary for fostering creativity. Even as some companies hire Chief Innovation Officers and create dedicated innovation teams to crack the code, Ricardo dos Santos believes that a democratic, distributed approach works best. He sat down with Andy Cars to explore the idea of hiring for innovation, tracing an idea's trajectory and embedding opportunities for new ideas within your company's structure and hierarchy.

Open up the innovation job pool

Innovation shouldn't be everyone's job, says Ricardo, it shouldn't be yet another criteria on performance reviews or abstract requirement on a job description. **Innovation should be everyone's opportunity.** As a starting point, every company should assume that there's a wealth of untapped potential within their existing team. The challenge: to invite and leverage innovative ideas with that in mind.

Shift from i to I

Companies benefit most from having many minds and backgrounds thinking creatively, says Ricardo. Rather than "small i" improvements or insights that can be easily framed and assigned to a specific person or department, "big I" innovation lets companies look for entirely new ideas, verticals or products that could stem from any corner of the organization.

Attracting those ideas requires a shift away from a traditional R&D model, where people are brought in to work on specific projects or innovation sprints. Instead, the entrepreneurial model encourages

"Creativity is sort of an innate human right, and no one has the authority to take that away. If we wish to act out on our creative impulses, at worst a company should get out of the way, and at best it should help... You can't say that innovation is distracting to anyone."

—Ricardo Dos Santos

anyone who shows up with ideas and the willingness to work to experiment and take the lead.

Follow the idea's journey

Beyond inviting everyone to the innovation table, Ricardo believes it's essential for a company's structure to create opportunities for employees to develop new projects part-time or seek out contextual, tailored training in practices like prototyping, experimentation, research and feedback analysis. To evaluate whether your current structure encourages new ideas ask:

How would an idea make it through this company?

- Would your employees know who to pitch?
- Would they be able to reach out to other departments to test and experiment?
- Would they need to go through several hierarchical layers of approval before exploring the potential of their idea?
- Could they count on getting the time, trust and resources to follow through?

Distributed innovation

Ricardo recognizes that one of the problems in terms of creating opportunities is that companies are still siloed off. To break through the siloes, people need to be connected by an "entrepreneurial fabric" that allows for a more distributed process in exploring, approving and financing new ideas. This, for example, may mean allocating smaller R&D "seed funds" within the company. That way more people will regularly have conversations with somebody they know who is accessible, who has agency to get things moving and who might be better at recognizing the behaviour of internal innovators and leaders.

EXPERT
ANDRÉS TAPIA

CURATOR
JANETT EGBER

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The Obvious Link?

Diversity and Innovation

BIO
Andrés T. Tapia is a senior client partner at Korn Ferry, a global leadership and talent consultancy. He serves clients worldwide as a strategist and c-suite advisor. He is also a thought leader, writer, and public speaker. He lives in Chicago and grew up in Lima, Perú.
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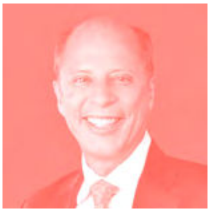

While talks of diversity have long been part of business vernacular, Andrés Tapia has built a career helping innovators of all stripes shift from talking the talk, to walking the walk. He sat down with curator Janet Egber to help us shed some light on the true meaning of diversity and the tangible ways it can foster and propel innovation when harnessed properly.

Go beyond "physical" diversity

Much has been said about including different genders, ethnicities and minorities into the hiring mix, but what we really need, says Andrés, is a multi-layered definition of diversity. Let's look deeper at the fundamental intention of diversity: gathering people with different backgrounds, vocabularies, perspectives and processes.

A corporate entity might, for example, be proud of having employees from aboriginal communities. But what if they were all raised in the same region, went to a same college or gathered similar work experience along the way? We have to ask if we then are truly fostering difference. To find the answer, ask this one question, says Andrés:

"What is it about a particular way of thinking that is going to be in contrast to the others around me?"

Start with diversity, aim for inclusion

So you've hired a diverse team and you feel pretty good about it. But all those brilliant new minds won't start truly innovating until they have the structure, the space and the autonomy to speak out. According to Andrés, there are three main pillars to activating diversity through inclusion.

1. Purposefully invite diverse voices to pipe up

It can be intimidating to speak up in an environment where the status quo is to cut into a conversation to make a point. Think carefully about how to solicit opinions and create a safe space.

2. Listen to those voices with respect and interest

Few things shut down innovation like an eyeroll, a chuckle or someone speaking over your idea. To generate fresh, new ideas, foster a sense of respect and active listening.

3. Genuinely contemplate others' ideas

Beyond paying lip service to someone's idea, it's crucial to take the time to truly consider it, being curious enough to explore its logic, thought process and origin.

Choose metrics wisely

Current diversity strategies overemphasize representation, a vital but **Lagging indicator**, telling us the result of whatever we've already been doing. A **Leading indicator**, on the other hand, allows us to figure out if we're on track and achieving goals. We need to flip it, says Andrés, and look at the diversity of our high-potential pool, of feeder pools that are entry-level, mid-level and entering into positions of authority and influence.

Take cross-cultural steps

To Andrés, diversity isn't about an attitude of openness anymore, it's about a capability and a competence. True cross-cultural agility involves three crucial phases.

1. It's all about me:

Understand the framework of our own experiences, beliefs, assumptions and preferences – little can grow without self-awareness.

2. It's all about them:

Compare and contrast – try to evaluate and understand differences in experience and vision.

3. It's all about us:

Ask: what are we going to do together and how are we going to best leverage our differences to spark new energy, ideas and innovation?

The next step, says Andrés, is carrying some of that understanding of diversity out of the corporate walls and into society.

"Diversity is the mix. Inclusion is making the mix work."

— Andrés Tapia

DIVERSITY IN HOSPITALITY

As demographics shifted and women took up a bigger slice of the business travel pie, many hotels took years to understand why their sales were dropping. While men stayed at hotels without finding any obvious flaws, women hoped for a step in the shower to shave their legs, and toiletry kits that suited their needs. Those in the hospitality industry who were able to listen to the market and diversify their teams were more likely to respond to new demand, innovate and thrive.

EXPERT
MARK VERNOOIJ

CURATOR
ANDY CARS

VIDEO LINK
VS.INNOV8RS.CO/MARK

A Winning Innovation Team:

Roles, Behaviours, Mindsets and Collaboration

BIO
Mark Vernooij is a partner at THNK School of Creative Leadership. He helps organizations around the world build purposeful innovation capabilities.
Mark@thnk.org

When a CEO tells you she wants help building and motivating innovation teams, how do you engage with her? In his role at the THNK School of Creative Leadership, Mark Vernooij has become adept at assessing and building innovative capacity in very large organizations. He sat down with curator Andy Cars to swap stories and share his methodology for adopting an explorative mindset.

Start at the top

There's a lot of talk about bottom-up management. But when it comes to bringing an innovation mindset into your organization, you must have a CEO and board that are excited about the process. The C-suite needs to be willing to free up time, budget and effort to make this happen.

Get the C-suite to commit

Before engaging with an organization, Mark spends time up front with the leadership team, investigating their commitment to innovation with a series of questions and methods.

1. **Is leadership truly committed to making this happen?**

Engage leaders in a face-to-face conversation. Look them in the the eye to be sure they're not paying lip service to innovation. Ask questions such as: When was the last discussion you had about innovation and what was it about?

2. **Is leadership willing to free up serious resources?**

Leadership must be willing to allocate a sizeable budget that's in line with the size of the organization. It's not just about investing in consultants and trainers; it's also critical that organizations commit to spending on their own people and new technology.

“Innovation is not a democratic process... Sometimes people think that innovation is only about freedom. But structure really helps.”

—Mark Vernooij

LISTEN TO THE SKEPTICS

You want to talk with that old grumpy guy who’s in the corner. He’ll tell you what’s going to go wrong and when. And he knows. He’ll also tell you your project is going to fail (but don’t listen to that part).

3. Do they have an explorative mindset?

Leaders need to be aware of how innovation is affecting the world around them. Do they get out of their bubble and explore? If not, do they have people around them who know what’s going on? Do they trust these people to take the wheel?

Evaluate innovation teams where they’re at

Assessing the health and performance of an innovation team requires different processes and criteria depending on which phase of the innovation funnel the team is currently on.

At the front end of the funnel, from research to ideation, evaluate the amount of learning. A great team in the early phase of an innovation project is learning quickly. It’s not about putting conventional KPIs in place, but incentivising teams to come up with new insights.

Further along in the funnel, during development and shipping, put traditional KPIs into place. Begin by tracking metrics around customer satisfaction. As the project advances, move into metrics such as sales or volume of downloads.

UGLY BABY VERSUS THE BEAST

At Pixar they speak about feeding the beast (the big, loud, hungry studio) versus looking after the ugly baby (a small, weak, new script). That tiny innovation startup is your ugly baby; it’s difficult for executives to love and understand something that is small and not really working. But the future of your business may depend on making that ugly baby big and strong.

EXPERT
SHANNON HOUDE

CURATOR
SUGATH WARNAKULASURIYA

VIDEO LINK
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Fast-Tracked Rise or Dead-End Street?

Careers for Innovators

BIO
Shannon Houde is an ICF certified executive and leadership coach who founded Walk of Life Consulting, the first international professional development advisory business focused solely on the social impact, environmental and sustainable business fields.
shannon@walkoflifeleaders.com

Stellar ideas and a progressive production plan shape only one side of today's innovation game — to truly succeed, you need people at their best, working together effectively. In conversation with strategic advisor and consultant Sugath Warnakulasuriya, Shannon Houde shared her take on crucial ways that innovators can lead scalable change in an uncertain, rapidly changing future, at startups and large corporations alike.

Core skills to make innovation thrive

Empathy: Listen, ask good questions, try on the hat of your collaborators or clients. This enables you to gain the buy-in you need to drive your innovation further, through the lens of your audience rather than defaulting to your own perspective.

Co-creation: Instill a team culture where everyone involved in the project feels engaged, enabled and empowered to be a part of the journey. Move beyond business buzzwords like "collaboration" and instead use "co-creation" — replace "Let's all get along" with the more tactical "Let's build this together!"

Resilience to failure: Take no for an answer and move on. Failures, setbacks and resistance come with the nature of any innovation space, and should actually be encouraged. If you aren't failing you aren't innovating. How well you respond to the fact that your idea might not make it past the whiteboard or that you might not get the buy-in you want to push that idea on to the R&D team, for example, defines and informs not only how resilient you are to failure, but how quickly you can move on to the next idea.

> **“We love to talk, we love to share our ideas, but if we can listen first, and listen longer, we will be able to shape the change, and create products and services that will be more relevant to our audiences.”**
>
> —Shannon Houde

Integrating the social

Effective in-person communication: Building strong human relationships remains essential for business success, especially for those who identify as change-makers. As human communication has moved into the digital domain of email, texting, social media and virtual work, we’ve built bridges but also thrown up walls. Though valued corporate skills may become commoditized, Shannon predicts that real talk with real people in real space is not to be underestimated.

Mentorship in multiple flavours: Learning through mentorship isn’t simply about asking the right questions or being given direct advice – it’s about spending time in the mentor’s sphere. This applies to a boss or colleague in a workplace or in volunteer positions, pro bono activities or a professional association. Leverage your mentor to really understand the inner workings of their challenges and world. Shannon implores, “Get the most amount of exposure to the people that you want to be like when you grow up!”

Time to reflect: Engaging in ongoing, scheduled, formal reflection shines a different light on what’s working or not working, what skills we’re using or not using, what we saw others doing that we liked or didn’t like. Professionals in the innovation space often enjoy the speed of business and constantly working in pursuit of their purpose, but we all need down time, says Shannon, and if you hope to be a game-changer, you need it more than most. A coaching session, lunch with a mentor, meditation or any regular practice of reflection empowers you to see your own progress as a person in the context of your work.

EXPERT
JAN KENNEDY

CURATOR
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VIDEO LINK
VS.INNOV8RS.CO/JAN

Innovative HR:

Why and How HR plays a Crucial Role

BIO
As Founder and CEO of the Academy for Corporate Entrepreneurship, Jan Kennedy is dedicated to helping Fortune 500 companies engage employees, accelerate innovation and transform culture.
@jankennedyAfCE

HR often gets a bad rap, but look deeper into HR's challenging issues and it's clear that most stem from a lack of alignment with the organization's wider strategic vision and objectives. Jan Kennedy believes that when properly harnessed, human resources can become a true catalyst for fundamental shifts in mindset and corporate culture. He sat down with curator Paul Hobcraft to talk about getting HR on board for innovation, developing a pool of highly skilled talent and using resources efficiently.

Invite HR to the innovation table

Make HR an intrinsic part of your innovation strategy by starting with a clear understanding of each other's goals and objectives to determine how they might align. Jan suggests exploring these HR-driven KPIs.

1. Employee Engagement
2. Culture
3. Employer Branding
4. Innovation Acceleration
5. Talent Acquisition and Retention
6. Leadership Funnels

Pitch innovation strategy to HR by focusing on simplicity, perhaps suggesting a pilot project with only two teams. Through an iterative process, collectively fine tune the innovation program's positioning, buy-in, finances and ideal candidates. With an aligned strategy at all levels, innovation will then be ready to scale.

Make HR a crucial ally

Building an internal framework for innovation works in three steps: **attract, form and execute.** HR is your best ally in that first phase, where getting the right people in the program is key. HR has the power to diminish perceived risk by demonstrating that innovation programs are just one track amongst many. If an idea doesn't work or the innovation process isn't a good fit, an opportunity can arise to intentionally shift focus and resources on a new career path.

Harness HR brainpower in:

Ideation: HR is a source of information and context when it comes to deciding how to communicate and position an innovation initiative within a larger organization.

Identifying early adopters: As your front line for new recruits, your HR team has the ability to strategically identify, qualify and quantify candidate alignment with innovation targets and mindsets.

Strategic testing: In his experience, Jan has seen a 30-40% difference in performance from candidates that have undergone carefully crafted, systematic personality and aptitude testing in the early stages of the selection process.

Mitigating fear: To many, the idea of being pulled out of a job in order to risk failure has little appeal. By creating a clear, well-communicated framework around innovation career tracks and acceleration programs, HR allows people with a potentially disruptive idea to understand what they're getting into: a structured program that encourages pivots, informative failures, open-minded communication and around-the-bend ideas.

Build an army of intrapreneurs

Beyond helping organizations craft high-impact leadership funnels toward C-suite positions, a culture of innovation and respect allows for great ideas and entrepreneurial spirit to bubble up to the surface. While financial incentives and status may hold some sway, the intrapreneurs you should be looking for tend to be driven by something more.

"You're looking for the people who are willing to put in the extra effort. They have to see it as: this is an opportunity to impact my organization in a way that I could never have done before."

—Jan Kennedy

Recent stats show that up to 70% of the workforce is somewhat or actively disengaged from their work. Providing opportunities for purpose and investing in new ideas are opportune ways for employees to feel heard, respected and valued.

Culture

EXPERT
RACHEL AUDIGÉ

CURATOR
JANETT EGBER

VIDEO LINK
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Un-Learning:

How to Bust Fixed Mindsets

BIO
Innovation Architect and Brand Articulator, Rachel Audigé trains your teams to take a different search engine through their minds to break fixedness and unearth counter-intuitive ideas. #Systematic Inventive Thinking #Inside-the-box thinking @rachelaudige

As intrapreneurs we need to know how to challenge biases to create space for counter-intuitive ideas and real innovation. To help us get there, experienced intrapreneur and Director of Systematic Inventive Thinking Australia Rachel Audigé spoke with Janett Egber and offered powerful insights into the importance of "busting fixedness" and the systematic, meticulous ways we can do this.

First: Recognize biases

When discussing what needs to be unlearned, Rachel says that there are up to 100 biases at work and around 36 that directly inhibit our ability to innovate. In her work with larger corporations, she's found some key biases we should all be particularly wary of:

Authority bias: Our tendency to attribute greater accuracy to anyone in a higher position. Also known as the HiPPO effect – or the Highest Paid Person's Opinion.

Bandwagon bias: Our predisposition to replicate and emulate what others are doing.

Law of the instrument: Our habit of becoming unquestioningly enamored with a methodology, process or tool. Hence the well-known idiom, "if you have a hammer, everything looks like a nail."

Fight cognitive fixedness

Fixedness, according to Rachel, is a bias that makes us unable to imagine new options or alternatives. Three main forms of fixedness routinely hinder innovation:

Functional fixedness: a rigid understanding of what each item or element can or should do.

5 core tools of inside-the-box thinking:

- Subtraction: Removing something that seems essential to the system.
- Unification: Attributing a new task to an existing resource.
- Division: Dividing a product or process into its different parts or steps; rearranging them in space or time.
- Multiplication: Replicating a step or part and changing it.
- Attribute Dependency: Removing or creating a relationship or dependency between two elements or steps.

Structural fixedness: a limitation in our ability to see something as a sum of its parts, as opposed to a unified whole.
Relational fixedness: our tendency to lock components into a symmetrical pattern.

That may seem like a fairly straightforward enemy to combat, says Rachel, but it's important to keep in mind that those ideas are so deeply embedded because they've usually served us well.

Unlearning systematically

While the public perception of innovation and creativity often evokes concepts of spontaneity and talent, Rachel and other proponents of SIT – or Systematic Inventive Thinking – believe there is, in fact, a DNA to the most inventive ideas. Indeed, SIT is based on the observation of five patterns that cover 80 percent of the best ideas. These patterns have been reverse-engineered into thinking tools that can be learned.

Underpinning the use of these tools is a counter-intuitive workflow that helps to unearth new ideas and unlearn any fixedness we might have about the product, service or process we are working on. While classic methods work form to function (or problem to solution); SIT works Form to Function. Rachel calls it **solution-problemming**, as opposed to problem solutioning.

Try some inside-the-box thinking: It's been proven that constraints actually make innovation more effective and more resourceful. The SIT process that Rachel adopted as an intrapreneur and now delivers in her business is based on a principle of 'Closed World' thinking whereby you can only use the resources you have to solve your problem. This, by itself, is not very helpful, but when combined with the fixedness busting tools and the Function Follows Form workflow, it leads to very counter-intuitive and feasible ideas.

"Fixedness is not a disease. It's often what has made us more efficient at our jobs. It's only a problem when you have to innovate."

—Rachel Audigé

EXPERT
ANDY CARS

CURATOR
SIMONE AHUJA

VIDEO LINK
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It's OK to fail. Really?

How to innovate by "failing smart"

BIO
A serial entrepreneur turned advisor, Andy Cars is the founder of Lean Ventures, an innovation strategy consultancy based in Stockholm, Sweden. Andy works with large companies helping them design and implement measurable innovation strategies and intrapreneurship programs.
@andy_cars

Large organizations often don't embrace failing as an integral part of the innovation process; they're too focused on optimizing operations and scaling "business as usual". But if failing is accepted as integral to innovation strategies, the opportunities to explore uncharted territories expand. In conversation with Dr. Simone Ahuja, Andy Cars talks about how companies can take smart risks and reframe failure within their companies to build new opportunities for long-term growth.

Support risky innovation early on

Begin by investigating your organization's present innovation-related conditions and strategies. Only then can you begin to think about introducing new tools and methods and start shifting people's mindsets around failure.

Start an organizational shift by asking:
• To what extent is the company culture risk-averse and why?
• How do we define innovation? Do we have a common language to discuss innovation? What do we mean when we talk about incremental, transformative or disruptive innovation?
• How do we measure innovation?
• How do we work with innovation on a daily basis? Who is involved on different levels and what innovation processes are already in place?

Move on to questions about strategy:
• What are the core values and purposes that drives our vision and mission?
• What trends are relevant to us?
Which areas hold opportunities and which pose threats that are relevant to us?
• How ambitious or "hungry" are we to do this?

• Are we prepared to earmark long-term budgets for innovation?
• Who should be on the teams and how do we select our intrapreneurs?
• How can we best support and incentivize our intrapreneurs?
• How will we measure innovation?

Put discovery processes in place

Asking teams to innovate and deliver financial results right away doesn't work. Take it slowly at the beginning; it will help you to move faster later. The more unknowns, the greater the need to adopt processes for discovery such as so lean startup, design thinking and outcome driven innovation.

Reward failure intrinsically

Successful intrapreneurship relies less on extrinsic rewards, such as financial incentives, and more on carefully designed intrinsic rewards that give people a sense of purpose and meaning.

• Build an incentive structure around intrinsic rewards. We like the framework developed by Daniel Pink that focuses on **autonomy, mastery and purpose.**
• Keep motivation high by giving teams trust, control and ownership rather than micro-managing them.
• Allow teams to build their capabilities, knowledge and understanding of how to work with innovation and how to be data-driven.
• Implement tools, methods and processes to manage and measure innovation.

Build innovation culture that's willing to fail

"Smart failing" or "failing forward" should be an integral part of everyday activity and directly linked to what organization's measure and report.
• Identify people who want to be on an innovation team by their eagerness to learn, sincere desire to develop customer empathy and insatiable curiosity.
• Track the direction of the innovation team to ensure it is aligned with the overall strategy, purpose, values, vision and mission of the company.
• Give people the time to work with innovation rather than expecting them to innovate on top of other responsibilities. Aim for full-time innovation teams.
• Introduce support through training and coaching. Take a long-term perspective and build strong incentives.
• Establish trust between leadership and innovation team members. Include the legal department early on to help remove barriers to innovation and HR to hire and train for innovation.

"Let's not just talk about making failure something that is okay; let's embrace it as an integral part of the innovation process."
—Andy Cars

LOOK TO THE LEAN STARTUP MODEL

- Start with a business idea
- Identify the most risky assumption
- Convert the most risky assumption into a measurable hypothesis
- Design and run an experiment to test for the hypothesis — let the data inform your next move
- Employ funnel metrics to measure user acquisition, activation, retention, revenue and referral
- Keep each sprint short and focused.
- Run many small experiments rather than one "big bang" experiment
- Integrate failure as integral to the innovation process; draw insights from your failures and only then decide to pivot or proceed

EXPERT
FRANK MATTES

CURATOR
PAUL HOBCRAFT

VIDEO LINK
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Dual innovation:

Finding the Balance Between Exploitation and Exploration

BIO
Dual Innovation strategist Frank Mattes applies principles of open innovation, digital innovation and dual innovation to help enterprises to define, design and scale radical and disruptive innovations.

Almost all companies now use innovation centres — incubators, accelerators, digital labs and other exploratory hubs — to find the "Next Big Thing." They do this concurrently with incremental innovation, which leads to product renovations and portfolio extensions.

The numbers are loud and clear: Separating these different types of innovations (known as "ambidexterity") is necessary but not sufficient to generate business impact. In conversation with Paul Hobcraft, Frank Mattes explains how to increase the chances of success and best capture value generated by investments that explore new ground.

For impact, manage three Playing Fields

Large companies need to generate predictable growth through innovation. But they're also under pressure from shareholders to come up with the "Next Big Thing."

In practice this means working in "exploitative innovation mode" (squeezing out incremental improvements in a predictable way) parallel to "explorative innovation mode" (searching for the "Next Big Thing").

Frank's work with leading global companies led him to discover the necessity of a middle ground between exploitative and explorative innovation. It involves adapting the core business to new realities, while scaling validated concepts from explorative innovation to generate business impact.

The three Playing Fields defined

Companies that can simultaneously manage the three Playing Fields are able to successfully increase their business impact from innovation.
Each Playing field has its own operating model:

- **Playing Field 1:** Short-term, predictable, incremental innovation
- **Playing Field 2 (the middle ground):** Scaling up validated concepts from Playing Field 3 and extending core businesses to adjacencies
- **Playing Field 3:** Long-term, explorative innovation (agile, iterative, design thinking / lean start-up-driven)

"Modern innovation is Dual Innovation."

—Frank Mattes

OPTIMIZATION VS INNOVATION

Business Model	"Exploit" Existing business drives revenue and growth from known market opportunities	"Explore" Successful innovation creates new revenue potential from new market opportunities
Category	Playing Field 1	Playing Field 3
Corporate Culture	Mature, established, large and slow	Entrepreneurial, startup, small and fast
Traits	Predictability, optimization, aversion to risk and failure	Agility, design thinking, embrace of risk and failure
Typical Processes	Step-by-step protocols, known outcomes, short-term revenue	Constant testing and iteration, unknown outcomes, long-term revenue (if ever)
Employee Characteristics	Engineers, product marketers	Lateral thinkers, "T-shaped" people

Transform the core

Over time, the core business must adapt to new realities, or fall by the wayside. Adaptation involves scaling up innovation ideas from the "explore" side so they can be digested by the core "exploit" business and turned into new revenue and growth.

Frank cites FinTech as an example. Financial services companies are adopting digital technologies to optimize their current offering. That same new tech, whether it's robo-advisors or Blockchain, will inevitably transform the core business.

Build the bridge through Dual Innovation

Creating a harmonious and effective connection between Playing Fields 1 and 3 is challenging but essential to the success of an innovation strategy. Dual Innovation involves shaping the connection between these two different beasts while keeping them aligned with each other.

EXPERT
BRANT COOPER

CURATOR
PAUL HOBCRAFT

VIDEO LINK
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Getting the C-suite on Board

BIO
Author and speaker and Brant Cooper ignites entrepreneurial action in large enterprises using lean innovation principles. He wrote the NY Times Bestseller *The Lean Entrepreneur* and co-founded Moves the Needle. @brantcooper

We've all seen it: a group inside a large, established enterprises embarks on a journey to "innovate." But what does that mean? Why is it necessary for the company to innovate? What are they trying to accomplish?

Leadership, believing they have issued a clarion call for new action, sit waiting for deliverables, struggling to understand how this new team contributes to the bottom line.
For innovation teams, the solution involves acting like startup entrepreneurs. They must tap into what motivates the C-suite and provide evidence that a project aligns with leadership's objectives, just as a startup does with customers and investors.

In conversation with curator Paul Hobcraft, Brant Cooper unpacks useful tools, tips and strategies for innovators who are looking to engage leadership support and demonstrate the short and long-term value of their new way of working.

Align on innovation

Leadership may think of innovation as a way to meet financial targets, while innovators see it as a process of coming up with new markets. Both definitions are correct, though they may have different outcomes. It's critical that leaders and innovators align around a shared definition of innovation and its objectives.

Engage leadership with empathy

To empathize with leadership, think of the C-suite as your customers. Take time to understand what's driving them, their aspirations

> **"They don't know that they already have grassroots people who are thinking this way. The entrepreneurial spirit already exists inside the organization."**
>
> —Brant Cooper

Three E's of innovation:

1. Empathy: Have empathy for your customers/leaders.
2. Experiments: Conduct experiments to validate ideas.
3. Evidence: Gather and provide evidence of success.

and the problems they are trying to solve. What kind of metrics are relevant to the C-suite? How can you raise your visibility? How can you tie project reporting to their objectives?

Innovate where you find uncertainty

As an intrapreneur, your role is to apply lean startup principles where you find uncertainty in your organization. Address uncertainty by empathizing with leadership's pain points, experimenting to test ideas and providing quantitative and qualitative data to decide on your next steps.

Involve leadership in your process

"Training up" is one of the most effective ways to help the C-suite understand the work you are doing. Invite senior leaders to engage with your team at your level and involve them in your process. Share stories, artifacts and examples of the work you're doing. Before you know it, senior leaders will start speaking your language. Just like anyone, they want to be part of the next new thing.

Reframe innovation as growth

Frame innovation in terms that help your CFO understand why she should continue to fund your work. Speak in terms of growth: acknowledge that, while your CFO is struggling today to meet quarterly targets, your work will open new markets and ensure the CFO isn't in the same situation three years from now.

Five principles of lean innovation

1. Understand customers deeply
2. Design solutions based on customer needs
3. Hypothesize the value stream across your entire business model
4. Experiment to validate or invalidate the riskiest assumptions
5 Fail small so you don't fail big
6. Establish value creation in narrowly defined markets before scaling
7. Work in agile sprints with consistent customer input

TWO QUESTIONS THAT BREAK INNOVATION:

1. What's my return on investment?
2. When am I going to see it?

EXPERT
CRIS BESWICK

CURATOR
HANS BALMAEKERS

VIDEO LINK
VS.INNOV8RS.CO/CRIS

A Culture of Innovation:

From Talk to Creation

BIO
Cris Beswick is an entrepreneur and CEO turned strategic advisor and troubleshooter on innovation to some of the world's most ambitious companies #author #speaker
www.crisbeswick.com

For some, a culture of innovation comes naturally; it's just what they do. For others, becoming truly innovative requires work and deep organizational change. Curator Hans Balmaekers chatted with Cris Beswick about what it takes to innovate, and why embedding a culture of innovation will future-proof your organization.

Think of innovation as an outcome

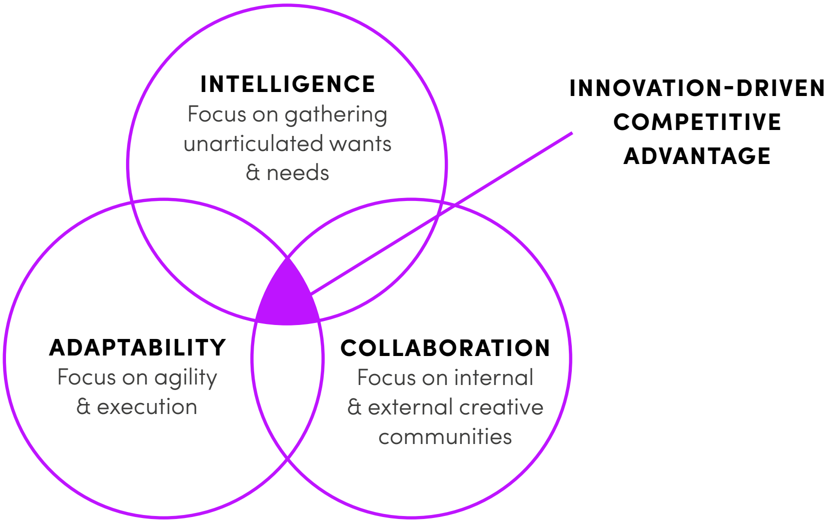
Rather than thinking of innovation as something that needs to be found or acquired, organizations can reap greater benefits when they view innovation as the end result.

Shift from finding or building a culture of innovation to cultivating the key ingredients of it: creativity, design thinking, inspiration and future thinking.

Redesign around desired behaviours

Identify the behaviours, skills and capabilities that are truly going to drive innovation – and then redesign your organization around them.

Organizations like Cisco are building innovation into their very core. The natural by-products of this shift include a better culture overall, higher performance and globally more collaborative and engaged people. While on their quest for innovation, most organizations don't traditionally look at these returns. But these returns won't happen if management teams are wholly focused around meeting financial targets.



The next generation organization

Ingredients for creating a culture of innovation

- Leadership
- Clarity of purpose
- Freedom to express yourself as an employee
- Freedom to challenge the status quo
- Technology that enables collaboration

Look beyond short-term gains

To orient your organization around innovation, shift your focus from short-term financial targets to long-term capability and cultural transformation.

When you build innovative capacity across your organization, the culture it creates leads to fundamentally better and more creative results. Expect a tenfold increase in those same pieces of low-hanging fruit or bits of innovation that you were previously targeting.

Expect continuous transformation

People often ask about the difference between change management and innovation: Is innovation just the latest in a long line of change management methodologies? For Cris, change implies a stop from one thing to another, but in today's world, organizations are in continuous transition.

Instead of seeing change as a series of stepping stones where you wait between steps, prepare your organization for fluid, continuous transition.

TOO SLOW TO CHANGE

- 60% of senior teams admit they do not know their customers well enough.
- 55–60% of senior teams admit that their organization's structure hampers idea sharing and creativity.
- 55–60% of big, global corporate organizations still take the same amount of time to bring a new idea to market as they did five years ago.

EXPERT
SIMON HILL

CURATOR
SUGATH WARNAKULASURIYA

VIDEO LINK
VS.INNOV8RS.CO/SIMON

The Switch:

From Invention-Centered to Innovation-Centered

BIO
Tech evangelist and angel investor Simon Hill founded Wazoku, the company behind an innovative crowdsourcing and collaboration tool that facilitates innovation in big enterprises.
@mrsihill

Traditionally, innovation and big ideas were the territory and task of a select few within organizations. With time we've realized that many of the best ideas and initiatives take root at the ground level of a company's products, services or processes. That's why Simon Hill believes that the ideal corporate structure should empower and actively involve 60-90 percent of its entire staff in proposing solutions and improvements. He had a chat with Sugath Warnakulasuriya about shifting corporate paradigms and tangible ways organizations can gradually implement changes in their fundamental approach to innovation.

Rethink traditional R&D

R&D departments have long been encouraged to throw ideas at the wall and see what sticks. Yet organizations struggle with translating the relationship of creativity and risk to the parts of the company closest to clients and processes. Moreover, many of the fundamental characteristics of traditional R&D need a remodel to meet today's pace, tools and best practices.

Long-term deliverables
R&D departments working with long-term deliverables and KPIs end up dangerously far along in their development process before they're able to decide whether an idea is effective or aligned with the corporate strategy. Newer models encourage small development sprints that allow ideas to fail fast or iterate before they've sucked up too many resources.

A waterfall approach
This model is known for its linear, rigid approach to developing ideas: each step must be fully completed before moving on to the next. Instead of requiring more investment and time to test a new idea – which makes organizations hesitant to kill a project – lower the barrier to entry for anyone to explore new assumptions or solutions.

Misaligned accountability
If organizations look exclusively at the number of products delivered to market or profits grossed, they're unlikely to see the value in innovation initiatives. Instead, Simon suggests they look at how many ideas were generated by ground-level employees, how far down the development funnel the ideas have moved or how quickly failing ideas were killed.

Usher in transformation

Shifting innovation models is a gradual, iterative journey. Beyond changing mindsets, five pillar elements of the company's structure and strategy need to align.

1. Tools and processes to quantify and qualify innovative ideas, collect quick feedback and drive innovation from ideation to implementation.
2. An accessible, explicit strategy that the entire company understands and feels is accessible.
3. Leadership and management who encourage and incentivize initiative, creativity and risk taking.
4. Culture that creates accessible space for new ideas, strategic collaboration and fast failure.
5. Education and expertise that helps teams develop the skills and processes they need to make the shift.

Create an innovation groundswell

While bringing R&D and innovation processes closer to the core of the organization, simultaneously encourage great ideas to bubble up from all levels of an organization's structure.

1. Never forget that the customer is king
Always try to work backwards from a client's pain points or needs.
2. Start at the grassroots
Implement small changes across the board to gain momentum and drive incremental impact.
3. Identify internal pain points
Spot opportunities for improvement and areas that need more focus.
4. Put out a call for ideas
This creates a social contract with your team, lets them know what you're trying to solve and publicly establishes that you're dedicating resources and budget to finding solutions.
5. Establish a speedy process
This allows you to fail fast or quickly identify powerful opportunities.

"If you think about what an idea is, it's akin to a lead in a salesforce system, something that is early and nascent, and needs an organizational process to wrap around it to give it the greatest chance of success."

—Simon Hill

THE NEW SUGGESTION BOX

Using Wazoku's idea management platform, Waitrose invited all staff to submit ideas and suggestions through a digital platform. Within months of the Partners Ideas program launch, the company had saved hundreds of thousands of pounds by implementing suggestions that increased the efficiency of everything from receipts to coffee distributors and auditing mechanisms.

Process

EXPERT
DAVE BLAKELY

CURATOR
HANS BALMAEKERS

VIDEO LINK
VS.INNOV8RS.CO/DAVE

Labs, Incubators, Skunkworks:

What's The Best Setup for Your Innovation Program?

BIO
Dave Blakely is a partner at Mach49, a Silicon Valley incubator that helps Global 1000 companies create, build and launch new ventures from within.
dave@mach49.com

Most organizations now realize that to carry out the disruptive innovation that will propel them into the next decade, they'll need special structures and teams. But how do they decide whether to acquire, hire or train a new innovation team? In conversation with curator Hans Balmaekers, Mach49 partner Dave Blakely breaks down the different types of strategies and structures available to the innovation-hungry enterprise.

Structure for your needs

We've all heard the terminology: incubator, accelerator, skunkworks... But what defines each of these unique types of innovation organizations?

Incubator: Provides physical space, financial resources, business services and mentoring to an innovation team. Incubators can be standalone, like Y Combinator, or built by a large enterprise.

Accelerator: Created with the sole purpose of bringing a new line of business to market. Prior to launching an accelerator, the team has already answered the big questions an incubator still needs to ask.

Skunk Works: A company creates a Skunk Works when it has a disruptive idea that cannot develop within the walls of the enterprise. Skunk Works exist in a different physical space to gain the freedom necessary to innovate.

Buy, build or invest?

Do you make, buy, build or invest in an innovation team? An enterprise needs to choose the right strategy based on its unique needs and objectives, and never in response to what someone else is doing.

Weigh your innovation options

There are many effective ways to develop innovative new products or business models. Innovation teams, which can sometimes be unruly and expensive to maintain, aren't the only way forward. In today's environment, Dave sees three internal trends in disruptive innovation.

1. Buy a unicorn

A unicorn is a privately held company whose illiquid valuation quickly rises higher than $1 billion. Everybody loves a unicorn. Many tech companies have succeeded with this model (Facebook buying Instagram), and now non-tech brands are getting on the bandwagon (Unilever buying Dollar Shave Club). When large companies buy unicorns, they're purchasing disruptive innovation.

2. Create an incubator

Large enterprises recognize that the market is moving faster than they can, with all their processes and controls. Startups can act as "buffers" to help large companies match pace with a rapidly-changing market. With modest investment they can create an incubator that will fund multiple startups with strategic agendas that match the organization's innovation goals.

3. Disrupt from the inside out

Large organizations are becoming very effective at building disruptive innovations internally. Correctly applied, proven tools such as design thinking, disruptive innovation, lean and agile methods can dramatically increase a legacy organization's ability to create, build and launch entirely new lines of business.

Innovate in a rich environment

You want to locate your innovation team in an innovation hub – a tech city such as Boston, Silicon Valley or Tel Aviv with a large creative class and access to great tech and business schools. If your company's main office is located in a remote business park, open your incubator in a creative tech city where it can truly thrive.

Keep a managerial distance

By their nature, startups incubated by a large enterprise can't be as independent as a self-funded startup. Tethered autonomy allows teams to innovate independently, but with a strong link to the mother ship. To enable the fledgling startup to grow and maneuver quickly, lift existing policies, procedures and corporate governance.

"We're just in the early stages of pretty remarkable change in the way global 1000s innovate."

—Dave Blakely

Key innovation team members:

- A CEO-type-person who maintains the vision and is highly persuasive
- A product person who understands the art of the possible and how to mitigate risk
- A marketing person who helps startups understand their customers and resonates with them

DETERMINE A VIABLE INNOVATION BY ASKING:

1. Does anybody want this?
2. Can we build it?
3. Can we make money with it?

THE 12-WEEK CHALLENGE

Give yourself 12 weeks to incubate a new business. If the idea doesn't cut it by then, kill it. Redirect your competent startup team onto a new challenge.

EXPERT
BRIAN ARDINGER

CURATOR
SUGATH WARNAKULASURIYA

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Ideas Are Plentiful...Right?

The Value of Ideas

BIO
Brian Ardinger is the co-founder of the consulting and research firm Econic and co-host of the Inside/Outside Innovation podcast. He founded the NMotion Startup Accelerator and worked at Gartner in Asia.
brian@econic.co

Whether it's called an Innovation Bootcamp, Ideation Competition or Hackathon, most low-cost, short-lived "idea sprints" are often the first steps that large corporations take to tap into the innovative energy of successful startups. Innovation consultant Brian Ardinger challenges the view that ideas alone are inherently valuable. In his conversation with Sugath Warnakulasuriya, he lays out the pitfalls and pathways to turning a creativity sprint into a successful addition to a corporate innovation portfolio.

Follow idea to income

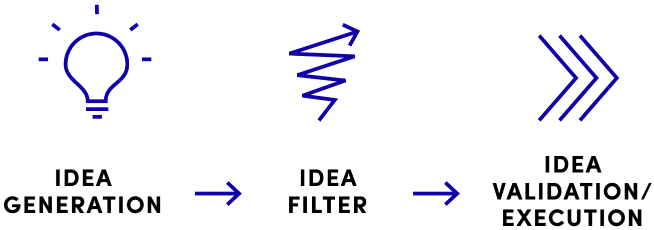
At large corporations, idea sprints often reveal desirability and deepen insights into customer discovery. Increasing clarity around an idea's viability is also common, if you conclude that it's indeed a solid value hypothesis – for someone else to develop. Yet the ideal innovation satisfies the trifecta of desirability, feasibility and viability.

Build a multi-part innovation engine

Brian cites the success of the Jumpstart Challenge initiative, which has fostered the creation of several new companies since its inception with three key main components:

- Clear parameters
- A widespread industry pain-point
- Disparate but well-defined actors working together

For example, a Chamber of Commerce in Nebraska teams up with a local corporation to identify a pervasive problem in its industry. They launch an idea competition among nearby entrepreneurs to propose a solution, with the corporation acting as the first beta-client. The winner obtains early-stage funding and markets their solution across the entire local industry.



Crafting a successful idea competition

1. Identify a clear goal

Unless you have clarity across the entire team and participants about which goal you're targeting, you risk running aground. Focus on one of the following benefits:

- Changing the culture: signalling to employees that you are open to trying different things.
- Instilling new behaviors and mindsets: exposing large business to a startup culture mindset of fail fast, iterate constantly, stop seeking perfection.
- Teaching new tools, such as Lean Startup, Google Design Sprint, Business Model Canvas
- Generating new ideas: gold mines are rare, but they can be found!

2. Follow the sprint with steps

Any creativity sprint must lead to something or it's worse than doing nothing. After being shaken out of your daily routine and hyped up for a few intensely productive days, going back to work-as-usual can cause morale and engagement to drop below pre-sprint levels. Use the Idea Funnel concept to keep momentum going:

- Collect every idea
- Filter ideas to prioritize ones around desirability, viability and feasibility; prioritize ideas based on a set of filters (a type of investment thesis) that helps inform which ideas should be explored and invested in further.
- Toss them into your "execution engine" where they can evolve

3. Identify who to engage

A cross-functional team built from different divisions is more likely to succeed in evolving an idea than a monochromatic team comprised only of IT people or marketing staff. Also consider Amazon's "Two-Pizza Rule" for team size to boost the productivity and usefulness of your engagement meetings.

"An idea by itself has very little value. It's the execution of an idea that is valuable."

—Brian Ardinger

EXPERT
SIMONE AHUJA

CURATOR
SUGATH WARNAKULASURIYA

VIDEO LINK
VS.INNOV8RS.CO/SIMONE

The Need for Speed

Are You Innovating as Fast as the World Is Changing?

BIO
Dr. Simone Ahuja is the founder and principal of Blood Orange, an innovation and strategy advisory firm that supports innovation and intrapreneurship. Simone and her teams help large firms behave more like startups through a fast and frugal innovation methodology that moves ideas through to execution.
@SimoneAhuja

In the face of a disruptive marketplace, large corporations accustomed to years of stability and revenue growth are seeking out ways to innovate – yet their advances often can't keep up with the speed of global change.

In conversation with Sugath Warnakulasuriya, Dr. Simone Ahuja outlines ways to apply faster moving innovation strategies in the course of an organization's across-the-board transformation, shifting from a "command and control" process to a "sense and respond" approach.

Why is it so difficult to move fast in a large organization?

A lack of knowledge about how to move fast along with fear and legacy processes make moving fast very challenging in large firms. But speed and agility are more important than ever. Why? It's the new normal. Today's end users expect speed, as does Wall Street, which is increasingly looking for companies that can adapt quickly to anticipate future disruptions, says Simone.

Accelerate with small, speedy teams and experiments

An innovation team driven by experimentation can leave assumptions behind and uncover new definitions of high value – both for the end user and for the organization. By rapidly producing a prototype or proof-of-concept, a team can can help holdouts and doubters come around while producing something that connects deeply to the end user.

To find the most effective ways to go "fast and frugal"

- Overcome internal resistance by employing new approaches such as "lean experimentation" that move ideas forward quickly.
- Managers and senior leaders must provide support and air cover for those who are moving quickly.
- When walls and silos are broken down, leaders must trust that innovators will do the right thing. Meanwhile, innovators must trust that they have support from leadership.

Face gatekeeper pushback directly, then enlist them

First, acknowledge the importance of gatekeepers from legal, compliance, accounting and other essential departments – mitigating risk is essential to the firm's long-term survival. Then, enlist them. Enrolling key gatekeepers early on means you've got department "champions" to contribute their expertise to your team. They might pivot from throwing up roadblocks to showing unexpected creativity in solving your problems.

If the effects of an innovation project pose too great a threat to the core brand, consider establishing an umbrella organization or a separate legal entity altogether. And last but not least, request a clear, strong and timely signal from senior, C-level leadership on the importance of the speedy innovation program.

"Intrapreneurship is closely connected to frugal innovation, since it's rooted in moving quickly via experimentation – and thinking about high value solutions produced at a relatively low cost."

—Simone Ahuja

SIMPLICITY MEETS SPEED: AN EXAMPLE FROM SIMONE'S PRACTICE

The problem
A medical equipment team was creating a higher-value, lower-cost medical device for use in major surgery.
The quick experiment
The team asked operators to examine their medical device "prototype" to find out which features added the most value. It turned out that most operators only used two or three of the device's dozens of knobs, levers and screens.
The takeaway
Because fast and frugal innovation focused on simplicity and end user needs, it shrunk development time, slashed costs (and complexity) of the new device and demonstrated the merits of experimenting and prototyping in innovation.

EXPERT
LASZLO GYORFFY

CURATOR
PAUL HOBCRAFT

VIDEO LINK
VS.INNOV8RS.CO/LASZLO

The Murky Middle?

Driving Innovation Awareness and Engagement Across the Organization

BIO
For more than 25 years, Enterprise Development Group president and owner Laszlo Gyorffy has applied Silicon Valley innovation strategies and practices to help client companies succeed in a rapidly transforming world.
gyorffy@enterprisedevelop.com

Once an organization decides to focus on fostering innovation, the entire company seems to brim with endless ideas and opportunities. The challenge is how to develop a comprehensive, systematic way of analyzing ideas to identify the ones most worth exploring. To do that, Laszlo Gyorffy directs companies towards "structured curiosity" and the building of a discipline of innovation. In his discussion with curator Paul Hobcraft, he provided insight on how to transform raw ideas into innovation and increase awareness and capabilities across entire organizations.

How to move beyond raw ideas

Good ideas have inherent value and importance, but they're only the starting point to a gritty, iterative and essential process. To implement that shift, Laszlo applies a straightforward methodology called CO-STAR that not only helps people polish their ideas, but allows them to cover their bases and move beyond the explanation phase to a persuasive pitch.

Customers: Who is the customer and what is their unmet need?
Opportunity: What is the full potential of the opportunity?
Solution: What is your solution for addressing the customer opportunity?
Team: Who needs to be on the team to ensure the solution's success?
Advantage: What is your competitive advantage over the alternatives?
Results: What are the expected benefits to the customer and the returns to the organization?
According to Laszlo, sharing a common language and method like CO-STAR across an organization accelerates innovation, improves collaboration, and helps embed an intrapreneurial mindset in its culture.

Wake up the organization

To truly start implementing change, organizations need to kick-off with a fundamental understanding that nothing is going to slow down from here on out. Leadership needs to be trained to recog-

“Ideas are cheap and easy. We have to elevate the conversation and change the currency from simply talking about ideas. The challenge becomes: how do I shift from these raw ideas to a value proposition.”

—Laszlo Gyorffy

nize new kinds of opportunities, allowing the outside world to permeate into the company’s core and establishing structures that let great ideas bubble to the top.

To engage with leadership, Laszlo suggests establishing a rotating **Innovation Jury** by asking executive and management to meet every few months to hear and give constructive feedback on polished CO-STAR pitches and initial prototypes.

Get working

So how to translate all of those innovative ideas and approaches into action? Laszlo suggests two things to kickstart momentum:

Work the organization

• Find sponsors, colleagues and experts that can help you navigate internal politics, answer critical questions and gain support.
• Ask for input before asking for investment.
• Be gracious to your champions and listen attentively to their responses.
• Integrate feedback into the next conversation, effectively turning it into “our” idea.

Work the idea

• Mature your idea and define its value proposition for yourself.
• Talk to close colleagues and then spiral outwards throughout the organization to gather key perspectives and continuously improve your idea.
• Prepare a well-crafted elevator pitch.
• Avoid the opinion trap (where an idea’s merit is judged merely by opposing one opinion against another) by collecting and providing as much data and experimental evidence as possible.

MUSIC FOR THE PEOPLE

When BBC1 leadership realized it was losing listeners because the radio station’s DJs were overplaying music that appealed to their “expert” ears, leadership mandated staff to personally experience the UK music scene again at concerts, in clubs or on the streets. Staff were also told to take pictures, which were then plastered across the BBC’s hallways. This not only reminded DJs of the tangible experience of music, but breathed new vigor and life into their musical curiosity and relevance.

EXPERT
MARC SNIUKAS

CURATOR
PAUL HOBCRAFT

VIDEO LINK
VS.INNOV8RS.CO/MARC

Agile Strategy

Connecting Innovation to Business Strategy?

BIO
Global Managing Partner and co-founder of Territory, Dr. Marc Sniukas supports leaders and their teams in using novel practices for crafting strategies and transforming organizations in entrepreneurial, innovative, agile and responsive directions.
@sniukas

Aligning your company's innovation initiatives with the overall corporate strategy requires a clear strategy and, above all, a commitment to communication, a clear framework and well-tailored KPIs. In conversation with Paul Hobcraft, innovation strategist Marc Sniukas shares his expertise on how companies can move forward with confidence to innovate in a rapidly changing marketplace.

Make a game plan

A strategic approach to innovation involves applying a holistic perspective to the innovation process. That means going beyond what Marc calls "innovation theatre": building a startup garage, running hackathons or "app-ifying" your offering. Instead, look for tangible opportunities to innovate in two arenas:
External innovation could include your product or service offering, customer experience, business models, resources, partnerships and revenue models.
Internal innovation could include new ways of defining strategy, working or organizing.

Once you've explored different areas of potential improvement that align with your company's core strategy, organization-wide clarity become king. First, be certain that everyone shares the same company-specific understanding of common innovation terms and buzzwords like "agile," "lean" "job to be done," "customer-first," and "iteration." Next, create a clear framework for implementation and evaluation upfront, so as to avoid later confusion. Here are a few questions you could ask yourself to kick things off.

- **How will the project be governed and steered?**
- **Why is a specific technology or methodology the best option for this project?**
- **How will upper management provide oversight or be involved?**

- At what frequency will we re-evaluate results and objectives?
- What will this tangibly look like once it's implemented?
- How do we involve the larger organization?
- How close or distant will this project be from the company's core business?
- How can we see this integrating or aligning with our core strategy down the line?
- How do we define everyone's roles and responsibilities?
- What new metrics will we use to evaluate our success?

Profitability is still the bottom line

When evaluating the ROI on a piece of equipment, traditional KPIs work just fine – but they do little to help us measure innovation. By shifting from indicators like Product Market Fit and Industry Analysis to qualitative metrics like Customer Experience and Customer Needs, you're giving new ideas more room to breathe and develop. Here are examples of simple, strategy-driven metrics you can monitor as your idea gains traction.

- Customer adoption
- Proportion of validated assumptions
- Perceived value to customers
- Value added for partners, suppliers and others embedded in the same ecosystem

The more of those boxes that are ticked, says Marc, the better the odds of success. That information in turn allows organizations to reduce investment risk by listing all of the assumptions that need to be proven and iteratively increasing funding with every new assumption proven. This provides a measurable, systematic way to allocate resources. Innovation doesn't need to be particularly risky to your bottom line, says Marc, especially if you're making changes to the customer experience, revenue model or business model, where small investments can yield big impact.

Work in structured sprints

If innovation is about letting go of a few key elements of traditional corporate structures and processes, it certainly doesn't mean forgoing structure all together. But figuring out a structured process to hone in on your innovation strategy can seem daunting. To help, Marc has developed a SCRUM-inspired methodology that organically boils down broader, long-term objectives and goals into smaller, more actionable steps.

While your list of questions and assumptions may seem huge at the beginning, this funnelled process naturally filters out low-priority tasks and forges a clear path ahead.

"At the end of the day, profitability and cashflow are going to be very important. You're going to have a hard time if after five years, you still can't prove that customers buy it and you can profitably do it. "

— Mark Sniukas

STRATEGY SPRINTS

Step 1: Flesh out your strategy backlog. Draft an exhaustive list of strategy questions that to be answered, opportunities to be explored, assumptions to be tested and previously identified strategic landmarks to be integrated.

Step 2: Select tasks that can be tackled in the short to medium term and craft them into clear deliverables to be reached within a 2–4 week sprint.

Step 3: Get to work researching, testing and validating.

Step 4: At the end of the sprint, evaluate the results, determine their impact on the rest of the backlog and repeat with the next set of deliverables.

EXPERT
VIDAR ANDERSEN

CURATOR
JANETT EGBER

VIDEO LINK
VS.INNOV8RS.CO/VIDAR

The Pivot Conundrum:

The Complexities, Risks, Timing and Implications

BIO
Vidar Andersen founds tech startups that help solve problems, spreads entrepreneurship education to students and first-time founders and helps corporates innovate 50x faster the startup way.
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Nearly ubiquitous in the startup mythology today, the pivot is seen as a terrifying moment of make or break, a marker of failure or success. But +ANDERSEN founder Vidar Andersen sees it differently. He believes that a well-timed, well-considered pivot is a sign of growth and learning. In his chat with curator Janett Egber, he lays out the complexities, risks, timing and implications of pivoting, alongside the 5Ws of getting the pivot to work for you.

What is a pivot?

An outspoken proponent of the lean startup methodology, Vidar likes to use author Eric Ries' defining vision of the pivot: a decision that changes something fundamental in your business model. This, he says, is often confused with the idea of iteration or new product. Coca-Cola putting out a new soda product isn't a pivot, it's an iteration – an extension to an existing business model. In contrast, IBM shifting from hardware and computers to software is a pivot.

Why pivot?

Looking at the pivot through a scientific approach of experimentation and discovery, we can find two main reasons to consider it.

> **1. You have new information that invalidates your previous fundamental assumptions.**
> **2. Your have new information that validates fundamental new assumptions.**

Where in the process to pivot?

In Vidar's experience, there are two steps in any development and innovation process where pivoting works best: when you're still in the testing phase of a new idea, or when a solution isn't working.

"What a pivot definitely isn't, is an excuse to give up when things get hard. I cannot stress that enough. If this was so easy, everyone would be doing it."

— Vidar Andersen

Who makes the pivot call?

Within the context of startups and new entrepreneurs, this decision usually falls within the domain of cofounders and close advisors. In intrapreneurship that can feel less clear cut. But Vidar says it shouldn't be dramatically different: those leading and owning the project should have the autonomy and authority to implement a pivot within the framework of periodically reporting back to higher management and executives.

And the biggest question of all: When to pivot?

Timing can be a tricky balance, with risks associated to both premature pivots and delayed ones.

The premature pivot is often the result of decisions made based on too few data points or evidence. Perhaps an idea didn't gather enthusiasm after pitching it to a couple of cubicle mates, or a few people you admire shut it down – so you figure it won't stick. This mistake, says Vidar, can be proactively countered in a few ways.

1. Set clear goals and deliverables
2. Talk to more people – not just friends and colleagues
3. Talk to the right people – potential customers and users
4. Get out of the door – and into the marketplace
5. Get out of your comfort zones

The delayed pivot, in contrast, means an opportunity lost. Perhaps a competitor beat you to it, or your stakeholders and resources have worn too thin to assure you a proper runway. Either way, you're at risk of draining your team, losing external interest and maintaining the status quo. **The key, says Vidar, is to listen. Listen to the data, listen to potential customers and listen to the markets.**

HOW TO PIVOT

While it's common for both intrapreneurs and entrepreneurs to overestimate the risk of considering a strategic pivot, Vidar says properly tested ideas may be organically flagged as failing by the market before it can damage a brand. Hence the importance of constantly going through short cycles of building, measuring and learning.

Vidar adds that when you experience a failure, you know that something for a fact did not work – and that's great! Rather than considering failing as catastrophic, failure can be assumed and built into the methodology. Pivoting is sometimes the result of that failure, because that failure has been an essential learning experience.

EXPERT
TERRY HOWERTON

CURATOR
PAUL HOBCRAFT

VIDEO LINK
VS.INNOV8RS.CO/TERRY

You Can't Go Alone

Effectively Engaging in External Ecosystems

BIO
Terry Howerton is a serial entrepreneur and investor.
He is CEO of TechNexus, a venture collaborative that finds, funds and grows tech ventures aligned with large enterprises.
@terryhowerton

We currently live in one of the most disruptive periods of the global economic history, with more churn among the largest companies and industries happening every day. Recent stats show that 734 of the companies that appeared in the Fortune 1000 list a decade ago have now disappeared from that list, out of business, or displaced by fast-growing new companies. And there's no reason to believe the currents are changing. Most top corporate executives believe that as many as half of today's Fortune 500 companies will be out of business within in 10 years. With that level of competition, says Terry Howerton, the basic imperative is no longer to innovate to stay ahead – you have to innovate to survive. He sat down with Paul Hobcraft to talk about the inherent role of collaboration, communication and humility in harnessing that innovation.

Stay curious and agile

One of the most common barriers to true innovation, says Terry, is a tendency to focus exclusively on what we do well. If we base innovation on a history of success, we may miss out on making the changes necessary to stay in the competition.

Given the speed at which most industries and companies are now being asked to adapt, no one company or team can single-handedly drive an entire paradigm shift; agile collaboration is key. That means egos need to be checked at the door and switched out for curiosity and respect.

Avoid entrepreneurial tourism

In efforts to kick-start collaboration and get the pulse on all things startup, corporations often head to New York City and Silicon Valley to soak in some startup inspiration. While usually well intentioned, Terry says those visits often amount to little more than a metaphorical pet-an-entrepreneur day.

“You end up becoming blind to the idea that you might not even be playing the same game or selling the same services five years from now that you’ve done for the last 10 or 20 years.”

—Terry Howerton

If companies do manage to counter their own predisposition for secrecy and engage enough to establish potential grounds for collaboration, they still struggle to move beyond that initial step of ideation towards the final step of implementation. Everything between steps 1 and 10 remains a mystery for most. This collaboration chasm fosters frustration on both ends, with entrepreneurs struggling to define their next steps and corporations rarely seeing growth or results from the false start.

Build real bridges

One way to establish and structure sustainable collaboration, says Terry, is to turn to a **Force Multiplier**: someone at the nexus of large enterprise and entrepreneurs who understands both sides, can create space for alignment and provide added value.

He also encourages clients to shift their focus away from individual consultants and experts, and instead tap into the startup community by internationally crowd-sourcing information on entrepreneur strategies that might align with their own.

Beyond establishing such external relationships, foster strong bonds between individual innovation initiatives and the core business. No good outpost can exist without efficient communication links to the mainland, says Terry – efforts need to be translatable and actionable for the main company.

HOW ARE WE DOING?

To many, metrics around innovation feel abstract and intangible, and often groups of high-level executives and innovation officers suddenly go quiet when asked how they measure innovation. Track your own progress by asking these simple questions.

1. Did the company grow?
2. Were new business avenues explored?
3. Did we build our client base?
4. Did we discover potentially interesting new markets, services or products?
5. Do we feel confident we’re seeing as far ahead and around-the-bend as possible?

EXPERT
SONJA KRESOJEVIC

CURATOR
SIMONE AHUJA

VIDEO LINK
VS.INNOV8RS.CO/SONJA

Experimentation at Scale:

Are We Getting There?

BIO
Co-Founder of Spinnaker, Sonja Kresojevic is a passionate innovation strategist who understands what it takes to drive agile and lean transformation for large, global enterprises.
@sonjak18

As the pace of change has rapidly increased over the past 10 years, traditional large enterprises have struggled with market disruption, changing consumer expectations and internal resistance to change. Experimentation and innovation have emerged as a clear way to adapt in this uncertain marketplace. Yet tasking a team with running experiments or implementing lean startup principles at the product level isn't enough for long-term success. Sonja Kresojevic spoke with Simone Ahuja about the process of embracing experimentation and lean principles of continuous learning and adaptation.

Embrace experimentation to scale

The best way for organizations to leverage innovation is to undergo systematic cultural transformation and help entire teams shift their mindset. An innovation mindset means a dedication to customer-centricity, continuous learning, collecting data and reacting nimbly to evidence-based information. But anyone looking to scale transformation is bound to run into a few systemic hurdles. This is what Sonja calls running into the "walls" of the enterprise. Here are a few of those all-too-common walls that need to be systematically addressed in order to seed enthusiasm and set an example for change.

- **Traditional funding models that require a business case to allocate funds**
- **Decision-making bureaucracy that asks people to jump through several hoops before getting a decision**
- **A culture that's afraid to fail fast and that could cost you your job**
- **An impulse to over-protect customers, making them difficult to engage**
- **Rigid HR processes that can't hire fast enough or reassign resources if an experiment fails fast**
- **Unaligned leadership expecting 3-5 year projections before greenlighting anything**

Build ecosystems for experimentation

Sonja emphasizes that innovation has to serve the purpose of growing and transforming the entire organization; it can't be considered something abstract to be done on the side. Experimentation and innovation usually fail when they're done in isolation within the organizational hierarchy, creating a dual internal culture that can foster counterproductive divides.

The solution: build a cohesive ecosystem and culture that supports innovation across the board and invests in it systematically by regularly collecting data, measuring results and closely attributing them to specific projects or initiatives. That shift in culture usually requires a decentralization of decision making, so that ideas don't get bottlenecked on their way to upper management, but can be overseen and evaluated by people closer to the project and team.

Another tip to feed the ecosystem? Encourage people to look at ideas both big and small. If we know that 90 percent of startups and projects fail, says Sonja, then we need to generate a lot of ideas to get to that 10 percent. You won't just stumble upon them miraculously — you need a clear framework to funnel, evaluate, fund, categorize, measure, hypothesize, test and validate them.

Lean enterprise: a goal, not a solution

When organizations come to Sonja with the intention of becoming a lean enterprise or implementing lean principles, she's quick to remind them that this isn't about reading a book and applying it as is; it's about adapting lean principles that make sense for your business.

To innovate and transform at the same time, **build lean startup principles into your core competency as an organization.** This allows you to become so adaptable that no matter what's thrown your way or who disrupts your industry, you're ready to adjust quickly, reassign resources and react systematically to data, evidence and experimentation. That means not only having a good strategic hypothesis, but applying lean principles to systematically prove or disprove it, gathering enough data to support results, intentionally selecting new spheres for growth, and continuing to apply those principles at every level of innovation.

"One part of the organization is perceived by the other business-as-usual part as 'those kids over there having too much fun and not really contributing to the bottom line.' And then all of the great principles and practices that you're introducing are lost to the rest of the organization."

—Sonja Kresojevic

LEAN ENTERPRISE LOGIC

Every organization wanting to become a lean enterprise shares the same goal: be able to operate at core competencies and core businesses at scale. Simultaneously, it must adapt to change through experimentation, continuous learning, self-disruption and a focus on the customer.

LEAN PRODUCT LIFECYCLE

At Pearson, Sonja helped develop the Lean Product Lifestyle, a systematic framework for building and bringing products to market from idea to retirement. This framework gives product teams autonomy to define every aspect of the innovation process, from financing, to pilots, to roll-out — all informed by data.

EXPERT
JANET BUMPAS

CURATOR
ANDY CARS

VIDEO LINK
VS.INNOV8RS.CO/JANET

Uncharted Territory:

How Do We Scale Corporate Ventures?

BIO
Janet Bumpas spent over a decade in Silicon Valley, where she was part of three startups. She loves creating new products, and currently helps companies scale initiatives at ScaleUpNation.

Janet Bumpas has led the innovation cycle enough times to know that it takes a unique mix of product, leadership and market conditions to scale any startup. In conversation with Andy Cars, she outlines what it takes to successfully bring a startup or product through one of its most critical (and vulnerable) phases: the scaling phase.

You must be this tall to ride

The innovation cycle can be a bumpy ride, but scaling is a roller-coaster. Follow Janet's criteria for knowing when it's time to scale.

1. You have product/market fit

Before you decide to scale, you need to have clearly identified paying customers who are delighted with your product.

2. You have a large, growing and profitable market that is a strategic fit for your company

The product you want to scale needs to be strategically aligned and relevant to the organization you're working within.

3. You have a business model that works

Prior to scaling, make sure you have a solid plan with expectations of a positive growth margin once you reach a steady state. If a positive growth margin isn't possible in the short term, you must demonstrate that it will exist once economies of scale kick in.

4. Your team is able to repeatedly build, produce and deliver the product

You must have the engine in place to efficiently manufacture a reliable product that can be effectively sold and delivered to customers.

5. Your company is organized and mature

You must have a solid team and CEO in place. Make sure you know – and keep tracking – the metrics that will be driving your business.

6. You have traction

Your product must already have traction in the funnel from acquisition to referral.

Keep creativity going

One of Silicon Valley's dirty secrets is that when a startup makes it, the first thing a VC will often do is replace the creative entrepreneurial founder with a seasoned executive who can scale it. In the pre-startup phase that early startup mogul who thinks big and experiments is necessary, but a steady experienced leader is later needed to create organizational structure and hire the right people.

With more capital chasing startups, educated founders, and a rapidly compressing innovation cycle, that's changed a fair bit in the past 10 years. It's no longer effective to put a senior executive solely in charge when you'll need to evolve and upgrade your product in two years or less. This necessitates keeping that early startup energy – and future-thinking creative team – on board.

One solution many companies are now pursuing is the duo: a Steve Jobs and a Tim Cook, a Mark Zuckerberg and a Sheryl Sandburg, a Larry and Sergei paired with an Eric Schmidt.

Challenges to scaling

To survive and scale, successful product teams and startups cross what are known as the two valleys of death. Half of all startups fail to cross the first valley: finding product market fit. Of those that find market fit the first valley of death, less than 0.5 percent are able to convey impact and cross the second valley: scaling.

Valley 1: Product/market fit

- Developing a loyal and happy paying customer base

Valley 2: Scaling

- Expanding from a local team to a distributed business entity
- Leadership from a founder to a CEO
- Growing from first revenue to ongoing, recurring revenue

"You get to that tipping point. Once you start to scale you need different skills."

—Janet Bumpas

Two ways to scale a startup:

1. Silicon Valley style:
Build a market by growth hacking, rapid experimentation across many channels to identify the best growth opportunities

2. Expansion:
Move your products into new regions or verticals, which require solid strategies for adapting to different markets

SATISFIED CUSTOMERS

Sean Ellis from Dropbox learns about product/market fit by asking customers "How would you feel if you could no longer use this product?" If more than 60 percent say they would be unsatisfied, you have a clear fit.

RESEARCH YOUR INDUSTRY

Out of 114 entrepreneurs Janet surveyed, respondents fell into two groups: companies that were scaling and those that were static. What she learned: startups in an industry with a net profit margin of 20 percent or higher were significantly more likely to be scaling.

EXPERT
TENDAYI VIKI

CURATOR
ANDY CARS

VIDEO LINK
VS.INNOV8RS.CO/TENDAYI

Like a VC:

Managing Your Innovation Portfolio

BIO
Speaker and innovation consultant Tendayi Viki is the author of The Corporate Startup, a book about how large companies can build their internal ecosystems to innovate like startups.
@tendayiviki

While the corporate world goes startup sightseeing in Silicon Valley, on the hunt for new processes and ideas, Tendayi Viki believes that large organizations should start their inquiry at home. Problems with innovation tend to arise when companies think of themselves as monolithic institutes, defending and protecting that model regardless of whether it's working or not. Tendayi sat down with curator Andy Cars to share his insights on organizational change, innovation ecosystems and strategically managing a product portfolio just as a VC would manage investments.

Open up the ecosystem

An innovation ecosystem is a collaborative, repeatable process that takes ideas from ideation to scale. So to craft that process, says Tendayi, organizations need to make their innovation goals explicit and clear to every employee and management level. Let's face it: if no one is there to hear the idea tree fall in the innovation forest, it's unlikely to generate much impact.

Everyone needs to know:

- **What kind of problems the company is trying to solve**
- **Who can pitch an idea and to whom**
- **Where to go to get funding**
- **How to test a hypothesis**
- **How genuine all levels of management are about innovation**
- **Whether there's a penalty for a so-called failed experiment**
- **What happens next**

Rebalance the portfolio

While the 70/20/10 ratio for innovation recommends that 70 percent of company time should be spent on core business, 20 percent on core-related projects and 10 percent on entirely unrelated ventures, Tendayi advises that those numbers be taken with a grain of salt. Each company must choose a ratio that works for them. Furthermore, organizations often measure the ratio in relation to their total number of products or customers, rather than in relation to the allocation of overall resources – be it labor, money or time.

Since balance and diversification is an iterative process, there's no point in throwing money into a haphazard transformative innovation project simply to meet accounting quotas. Before developing a strategic innovation portfolio, organizations need to implement deep, structural changes and get comfortable with a new set of metrics, targets and expectations.

The two most common mistakes Tendayi sees when guiding teams through the innovation process:

1. **Succumbing to the constant pull of the core business:**
Allowing every unexpected change or minor threat to the core business to become a valid reason to pull funding back from innovation projects.

2. **Trying to manage an innovation portfolio the same way you would a traditional one:**
Relying on inadequate metrics, asking unrealistic questions across unrealistic timelines and fostering a fear of risk.

Start at square one

Tendayi lays out a lean startup methodology as a guide to crafting a step-by-step process to introduce large corporations to innovation structures.

1. **Discovery:** Evaluate existing resources, short-, medium- and long-term objectives and surrounding ecosystems.
2. **Start small:** Select a few early adopter business units and create a safe, minimum viable ecosystem.
3. **Aim for an early win:** It could be cutting a product or service that wasn't generating income or significantly improving the process.
4. **Celebrate:** Create momentum around small victories and incentives for engagement.

Through it all, perhaps most of all, be patient. The process is likely to take three to five years of nitty-gritty work, often taking three steps forward and one step back, but those who put in the elbow grease see great results.

> **"Theoretically, pretty much everyone is starting to get [the need to innovate].
> But companies have embedded systems that will not let them do it.
> The question becomes: will they transform that system."**
>
> —Tendayi Viki

INNOVATION CRASH COURSE

Include these three main innovation goals and categories in your product portfolio.
1. Core innovation: Incremental changes and improvements to your existing product.
2. Adjacent innovation: Leveraging an existing skill in a new market space.
3. Transformative innovation: Creating new offerings for new markets.

INNOVATION HACK!

See if you're truly future-facing by answering the following question:
What percentage of your current projects or resources are allocated to something that isn't serving your current customers or current market?

EXPERT
DAN TOMA

CURATOR
SUGATH WARNAKULASURIYA

VIDEO LINK
VS.INNOV8RS.CO/DAN

Show Me the Money:

Talking Metrics, Measurements and ROI

BIO
Dan Toma comes from an entrepreneurial background. Puzzled and intrigued by the question 'why are innovative products mainly launched by startups?', he focuses on enterprise innovation strategy and product ownership. He co-authored the book The Corporate Startup.
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All large organizations are exploring ways their teams can innovate to develop the products and business plans that will secure their future. But inside these organizations, innovation teams often struggle to demonstrate the sustained value of their work.
Innovation practitioner Dan Toma spoke with Sugath Warnakulasuriya about the types of performance metrics that need to be applied to innovate projects at different phases in their evolution. Together they unpack ways that innovation teams can educate leaders about the meaning, relevance and progression of their work.

Frame innovation as "health insurance"

Encourage leadership to see the necessity of investing in innovation by framing it as an investment in the future well-being of the organization. We pay for health insurance to alleviate worry about what might happen in the future. Investing in innovation mirrors the same principle: supporting innovation ensures your company stays relevant in the future as your industry changes.

Iterate to reduce your cost per learning

Calculating the cost per learning involves asking: How much are we learning with every dollar spent? Gathering this information may be as simple as understanding the behaviour of a demo, or as complex as tracking consumer behaviour through a conversion funnel. To lower your cost per learning, invest in multiple small experiments that iteratively improve your product as you learn.

“Success in the future will come from companies that will be able to learn fast.”

—Dan Toma

Early stage measurement criteria:

- Number of experiments done
- Cost of an experiment
- Number of customers interviewed
- Number of learnings acquired
- Cost of learning
- Learning velocity

One size does not fit all

As you develop measurement criteria for innovation projects, it's critical that you adapt your metrics system to the maturity of each project. An early stage startup idea requires different KPIs than you would apply to an advanced project. And KPIs need to evolve as the project matures.

It's all relative

Normalize learnings: Don't consider the cost of learning across your organization – learnings in one business unit may be much more expensive than in another unit.

Benchmark against similar projects or products: Consider industry averages or other learnings in similar contexts to see if one product team is learning better, faster or more affordably than others.

Speak the same language

Before you begin quantifying your project's success, make sure management understands the purpose of your project and what your measurements mean. Do this by involving key people from different departments in your project meetings. This has the added benefit of helping other innovation projects when inter-departmental collaborators seed the innovator's mindset among their own teams.

THE COST OF NOT RECOGNIZING INNOVATION

Two Google product owners didn't agree with the way Google was doing semantic search. They started their own internal project, which phrased search queries as questions (e.g., Where is the best pizza?). When Google decided not to fund the project, the innovators left and built their own search engine, Aardvark. Google later acquired Aardvark for $50 million. Supporting the small team internally would have been a considerably more economical option.

EXPERT
DAVID HICKS

CURATOR
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VIDEO LINK
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No Budget, No Time?

Innovating Within Constraints

BIO
A self-described "reformed MBA," David Hicks is a Founding Partner at A Beautiful Constraint, a consultancy that helps businesses solve their most intractable challenges by transforming their constraints into market-beating opportunities.

In theory, large companies can deploy abundant resources to drive innovation. But if there is no budget or time allocated for innovation, how can intrapreneurs start to build momentum? In conversation with Janett Egber, David Hicks explains how balancing ambition with constraints can actually fuel innovation effectively, without being hamstrung by a lack of funding.

Build momentum before burning money

It's tempting to tackle the biggest problem right off the bat, but without funding that's a non-starter. Starting small is always possible, and often costs nothing.

1. Dare to be different:
Get good at running workshops, not meetings. You'll be signalling that you're doing something other than business-as-usual.
2. Break the isolation:
Start sharing your own (compelling, not Powerpoint) intrapreneurship story and ideas right now, with anyone who'll listen.
3. Leverage your network:
Begin to recruit a coalition of like-minded individuals and healthy skeptics (and their respective networks) with a diversity of energy, perspective, skills and experience.

Answer the big "Why" with questions

Once you've assembled your coalition, demonstrate your understanding of your firm's current constraints and limitations. From there, rather than approaching leadership with a list of stated reasons for funding, offer leadership a series of nested propelling questions that communicate:
a) How your innovative ideas align with the overall business strategy, and
b) How you're turning constraints into fuel for innovation.

“Rather than trying to ‘think outside the box,’ try to grow the size of the box instead.”

— David Hicks

Do it on your own time and dime?

David asks: Why would you inform an intrinsically motivated innovator that their passion project has a dollar value of zero? It’s demotivating, it might not even be legal and, if their project succeeds, you probably won’t own the resulting solution.
A determined intrapreneur should consider an ask for free work as a test of commitment and an offer like any other. In turn, they can re-formulate their request for resources with an improved business case.

Trim the fat

Like most results-oriented individuals, intrapreneurs tend to abhor waste. Once you’ve clarified the big “Why,” you can:

- Pinpoint what you can stop doing
- Remove agenda items and projects that don’t add value
- Free up people’s time and energy by eliminating needless meetings and bureaucracy

Then, instead of requesting new money, you can address senior leadership with compelling reasons to reallocate existing resources liberated by your efficiency.

Tackle tomorrow

The search for top talent is evolving, and global recruiters like Egon Zehnder are no longer seeking performers but rather transformers. David points to four interlocking qualities that he believes are essential for driving success in the future:
• **Motivation:** By definition, intrapreneurs are intrinsically motivated to make a difference
• **Curiosity:** Actively seeking out new ideas, experience and knowledge, willing to change your mind
• **Insight:** Gathering and making sense of a vast range of information, both conceptual and concrete, in search of new directions
Engagement: Engaging on both a logical and emotional level with other individuals or groups, being interesting and educating people while persuasively communicating your vision.

A CONSTRAINT WITH ADDED VALUE

American personal-care giant Kimberly-Clark has mastered the art of using self-imposed constraints to deliver innovation. For example, by encouraging the sharing of agendas and assets both in and out of the business, they can partner with a supplier on product delivery in order to add value and cut costs.

EXPERT
TRISTAN KROMER

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Funding Innovation:

New Models for New Approaches

BIO
As a lean startup coach at Kromatic, Tristan Kromer works with teams and leaders to create amazing products and build innovation ecosystems. He works with startups and >$1B revenue enterprises.
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Large organizations are hungry for the creativity and agility that seems to come so easily to tech startups. What they don't often understand: it's not the what but the how that enables startups to evolve quickly. Curator Hans Balmaekers spoke with startup coach Tristan Kromer about how applying pressure through metered funding and success metrics can teach large organizations to innovate quickly and effectively.

Act like a startup, fund like an investor

For lean innovation, foster the investor/startup relationship and invest in a project in phases, rather than adhering to traditional funding models that place a large budget up front to fund a product through to completion without necessarily evaluating the market.

Because each phase determines whether your fund the next phase, it applies pressure on the team to provide evidence that an idea is getting traction and scale. By showing strong success metrics, innovators and product teams justify further investment.

Build confidence with metrics

As intrapreneurs and entrepreneurs, we want to instill increasing levels of confidence in our concept or project. This is done by providing qualitative and quantitative data – ideally both – to show that the market is ready and engaging with our concept or product.

Conditions for lean startup innovation

- **A desire to learn:**
Understand and integrate the benefits of innovation that may result in knowledge instead of a product.
- **Educated investors:**
Investors need experience funding start-ups, paired with a solid understanding of metrics and evaluation criteria.
- **A phased approach:**
Funding is delivered in structured phases.
- **Pressure:**
Investors require evidence of success before funding the next phase.

> **"The goal is to learn something, not to rush a product to market."**
>
> — Tristan Kromer

Don't always expect a product as the end result

Success can mean different things for different teams. When we invest in a project, we learn, regardless of whether it results in a viable product. Large organizations can learn a lot from funding projects that deliver actionable data on whether a market is ready for a product or business plan, even if the product doesn't go to market.

Apply pressure in the right direction

In the world of lean startups, funding is a forcing mechanism for entrepreneurs and intrapreneurs. However, no product team functions optimally under immediate pressure to get results tomorrow. Experienced investors are adept at applying pressure in the right direction, without creating undue stress.

NEW MODELS FOR FUNDING INNOVATION

Metered: Funding product development is delivered in phases based on pre-defined success metrics.
Stage gate: Funding is delivered in phases based on decision points, or gates, where decision-makers agree to fund the next stage based on metrics, without repeating stages.
Scale gate: Funding is delivered in stages that can be repeated. Investors can decide that a team needs to return to a previous stage to reiterate or regroup.

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