

innov8rs

The Innovator's Handbook

The Best & Latest in Corporate Innovation

2025

Back to Basics

Now the dust of the innovation-labs-closing-spree is settling, and beyond the current hype of AI... what is truly, really, fundamentally our role as innovation function?

It's again been an eventful year for most corporate innovation teams, in so many ways. From the many conversations we've had with our members over the last month, it's become clear that as innovation function, we are more than ever expected to deliver tangible value at the shortest term possible.

One might say, nothing new... hasn't that always been our mandate? But still, there's a renewed sense of focus, of clarity, and of urgency. This requires us to go back to the basics of innovation management.

What is the value we can and should provide to our organizations? Whether that's growth, transformation, change... What might be the best way to define innovation and sharpen our focus in the current context?

What's the most effective way to deliver that value? Yes, AI can help optimize our processes... but those processes should be solid in the first place. Too many initiatives still don't make it big enough to matter. What might be the best way to structure and "do" innovation?

How to measure and showcase the value we create? How come we're still struggling to get leadership buy-in and support from key functions, to do our work? We still have a long way to go to build confidence and credibility... How might we engage our stakeholders differently throughout the innovation process to show progress?

You'll find answers to these questions and more, much more, in the 2025 edition of *The Innovator's Handbook*. As always, we've captured takeaways from the many online and in-person sessions and conversations we've hosted over the last twelve months.

We've also added summaries of some of the best content from the web, and we're featuring a handful of members looking back at 2024, and forward to 2025.

Some chapters may validate you're on the right track. Others might offer you different ways to achieve objectives. And some might spark a fundamental re-think of your approach.

In any case, you will realize that other innovators are often facing similar challenges and fighting similar battles. That's why everything we do at Innov8rs is driven by our belief that it's crucial for any innovation professional to learn from and collaborate with peers from other companies and industries.

We hope the book will be helpful for you in achieving your 2025 objectives. For ongoing and personal support, consider joining our community, our learning programs and/or our conferences. More info on the following pages. Enjoy the read!



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

Innov8rs offers corporate innovation professionals a community of peers to learn from and collaborate with. Here's how we can support you, your team and your organization in 2025.

From implementing incremental improvements for existing products and services, to launching new business models and building disruptive ventures, the innovation function in large organizations is responsible for creating new value, resulting in top and/or bottom line growth. That's easier said than done. Innovation sounds sexy and glamorous, but as we all know- in reality, it isn't.

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

Since 2011, we've hosted 35+ conferences in 35+ cities around the world, from Singapore to San Francisco and Sydney to Stockholm, and we've welcomed 7,000+ participants to our online sessions since 2017.

We offer corporate innovators the space to safely discuss crucial moves and critical decisions with peers. You'll learn new methods, frameworks and tools. You'll understand what other companies are doing. You'll collaboratively solve the many strategic and tactical challenges you're facing. Innov8rs is where you keep up with what's working now and what's coming next, in order to make it happen in your organization.

You'll work with others also responsible for innovation, growth and transformation within large organizations across industries- all chasing similar objectives and facing similar challenges:

- Chief Innovation Officers, VP's of Innovation, Innovation Leaders
- Intrapreneurs or Corporate Entrepreneurs
- Innovation (program) Directors
- Heads of Labs, Incubators and Accelerators
- Corporate Venturing, Strategy and Corporate Development Managers
- R&D and Product Development Professionals
- HR and Organizational Transformation Leaders

Working at:



Let's look at the different ways you can engage. If you like to know more about how Innov8rs can support you, your team and/or your organization, reach out to hans@innov8rs.co.

Innov8rs CoLab

As a senior innovation leader, you face many challenges that only fellow innovation leaders understand (and can help you with).

It's no secret that the most effective CEO's rely on a network of peers to get the direct and honest feedback that no one inside their own organizations can give them. These CEO's get tremendous value and impact from their a "personal advisory board", but until recently, such an opportunity was not available for Chief Innovation Officers, VP's of Innovation and other Senior Innovation Leaders. With Innov8rs CoLab, that has changed.

Innov8rs CoLab is a member-driven collaboration of senior innovation leaders from the world's leading (non-competing) organizations.

They each address their company's main innovation and growth challenge(s) by using 15+ different support formats, such as collaborative learning sessions, selected peer benchmarking conversations as well as light advising and coaching from expert members.

Membership is by invite only. If you are interested in understanding more details about the group and the application process, request more info via <https://innov8rs.co/colab/>

Innov8rs Community

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

outcomes. There are several ways for you to tap into the experience and expertise of others with "innovation" in their title, facing similar challenges and chasing similar goals.

Just like there is no silver bullet to corporate innovation, "one size fits all" support would not be any helpful. That's why the membership experience is personalized to every single member.

First, based on their role and responsibilities, members are matched with the most relevant groups of fellow members within their Community Circles, with others working on the same topics, with others from the same industry and with others in a similar role.

Then, every quarter members share their top 3 goals. They get a custom "Quarterly Quest" plan that outlines which sessions to join or support formats to utilize, which members to connect with, as well as a personal learning path with suggested content/resources.

Work on whatever tops your to-do list

In your day to day, trying to reach your goals, many questions and challenges pop up. What to focus on, how to do this (better) (faster), and how are others approaching this issue?

- Host a Challenge Call to benchmark your performance and compare your approach with selected peers invited because of their experience on the topic, sharing 'the good, the bad and the ugly' with you only.
- Have your "Personal Advisory Board" - a group of trusted peers in your Community Circles. Meet with other members a) in a similar role, b) in the same industry and c) working on the same topics, for Monthly Mastermind calls.
- Get peer support and expert guidance by actively participating in the many sessions hosted every month, as well as via the Community Hub online.

Ongoing professional development

With so much change happening so fast, you can't afford to not stay in the loop of what's working now and what's coming next.

- Quarterly topical workshops “Learning Labs” covering the best and latest in corporate innovation, showcasing both new trends and established practices, featuring innovation leaders sharing their lessons learned and experts teaching their frameworks.
- 800+ hours of video content on our platform, like the Netflix of Corporate Innovation... like your MBA in Innovation Management, also offering foundational learning modules and practical resources
- Work with K8, the AI-powered Innov8rs Companion

Expand your network

Sometimes you just want to have a break from the busyness and have a more informal relaxed conversation. Maybe you're keen to foster new connections for a specific project, or for personal reasons. No need to try to find your peers on LinkedIn- just engage with your fellow members.

- Join Community Club sessions (member case studies, book discussions and leader talks) to meet and mingle with all members.
- Find, connect and message with other members via the Community Hub online.
- In-person meetups and social events in cities around the world.

And there's more...

Throughout your membership, you get concierge support from our team so you can best leverage the community to meet your goals, interests and needs.

If you like to get external recognition for your work, there are many opportunities to speak, join roundtables, be interviewed and featured in content, so that your approach, results and perspectives would reach thousands of corporate innovators through our channels.

Membership is by application only.

For more info and to apply, go to <https://innov8rs.co/community>

K8 – your AI-powered companion

Whether you're seeking insights, looking to solve a challenge, or just need a fresh perspective... Ask K8 (pronounced Kate).

Trained on the 800+ hours of content from the “Netflix” of corporate innovation, your AI-powered companion K8 is available anytime to assist you in your day to day. She can:

- Answer your questions and provide guidance about anything corporate innovation management
- Direct you to session recordings and other content/resources on the Innov8rs Community hub
- Create a personalized learning path with suggested resources tailored to your needs
- Identify the best Innov8rs Community members to help you out with the challenge at hand

With K8 you'll have on-demand, always-on access to a wealth of knowledge and unique content you'll not find anywhere else. So that you'll be better and more effective in your role.

K8 is included in an Innov8rs Community membership, but is also available as a separate subscription for individuals, teams and functions. For more info, go to <https://innov8rs.co/k8>

Innov8rs Conferences

Since 2011, we've hosted 30+ conferences in 30+ cities around the world, from Singapore to San Francisco and Sydney to Stockholm. Join us in Phoenix, AZ (US) on 8–9 April 2025, and in Berlin (Germany) on 10–11 September 2025 for 2 days of in-depth conversations, relevant connections and quality content.

The conference that isn't really a conference

We've all been there... that conference where you were forced to listen to talking heads on stage all day long and you can barely stay awake, longing for the day to end... That's NOT what you'll experience with Innov8rs.

At our conferences, you'll actively engage and actually learn, so you'll gain actionable insights to implement. You'll work on your current challenges, guided by experts and learning from peers.

Everything corporate innovation A-Z

You'll dive into best and next practices on innovation strategy, measuring innovation and improving ROI, venture building, open innovation, innovation ecosystems, high-performing innovation teams, AI-powered innovation, leadership alignment and more.

You'll leave with an updated toolbox for immediate impact once back in the office.

Work with the best

You'll hear from 20+ cross-industry innovation leaders the ins and outs of their approach (and lessons learned along the way), so you can benchmark your approach. Plus, you'll meet and mingle with local innovators during field trips exploring the local ecosystem.

Loved by participants, trusted by brands

Beyond the high-quality sessions and diversity of speakers, past participants valued most meeting people in jobs like them.

You'll have in-depth conversations with a curated group of other innovation leaders and do-ers who speak the same language, and establish relevant connections that you actually want to follow up with after the conference.

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

For more info, go to

<https://innov8rs.co/conference>

Deep Dives

Upgrade your skill-, tool- and mindset, and increase your impact through our collaborative, cohort-based learning programs teaching best and next practices on essential themes.

In H1-2025, we are running these programs:

- *Corporate Politics for Innovators* with Tendayi Viki
- *Optimize Your Innovation Management System For 2025* with Frank Mattes & Dennis Böcker
- *Innovation Storytelling* with Susan Lindner
- *Building High-Performance Innovation Teams* with several facilitators
- *Innovation Finance* with several facilitators

For more information, and to apply to join, go to <https://innov8rs.co/deep-dives>

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

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

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

"This was a refreshing reminder that we're not alone. Sometimes working at the front-end of innovation can be a lonely place, especially in a large 100-year-old company. Connecting with so many other innovation professionals acted as a shot of adrenaline reigniting my drive to transform our organization."

"I have dedicated over 25 years of my career to corporate innovation. At Innov8rs Community, I can connect with peers and experts to share experiences and gain insights. It's also a place that keeps me informed about the latest trends and future developments in the corporate innovation field. Being part of this community has been crucial for my growth as a professional corporate innovator."

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GO BEYOND JUST READING THE BOOK WITH THE PREMIUM BUNDLE

Want to dive deeper?

In The Innovator's Handbook 2025, we've summarized 80+ sessions we've hosted online and in-person in the last year. We've done the best we can to capture all the insights, the stories and the perspectives shared in the handbook articles, but of course... there's always much more to gain from watching the full session including slides.

The Premium Bundle gives you access to full-length video recordings from all the sessions summarized in the handbook, as well as access to all content available in the "Netflix" of corporate innovation. Moreover, you'll be able to work with our AI-powered Innov8rs Companion K8, to assist you in your day to day by answering your questions and providing tailored guidance.



For the best possible experience, upgrade to get your Premium Bundle via QR code.

Leadership, Strategy & Organization

▶ AI Is Eating the World: Time to Innovate for an AI-First World



Brian Solis

Head of Global Innovation at ServiceNow



As artificial intelligence becomes the dominant force in technological innovation, companies and leaders must grapple with a profound choice to disrupt or be disrupted. Brian Solis is a world-renowned digital anthropologist, futurist, award-winning author, and Head of Global Innovation at *ServiceNow*.

Brian urges innovators and executives to rethink how businesses operate, strategize, and grow.

Time to Reimagine

Since the explosion of generative AI in late 2022, the pace of technological advancement has reached unprecedented levels. This rapid adoption is reshaping industries in ways that go beyond anything we've experienced with previous waves of digital transformation. "We are fundamentally watching an accelerated innovation cycle that is going to keep pushing us forward, and that's going to require an entirely new mindset," he says.

AI is poised to disrupt everything from customer service to business models. The traditional ways of working, which once sufficed, are no longer enough. According to Brian, many companies are still stuck in a cycle of iteration. "Iteration is doing what we did yesterday, better tomorrow," but, in contrast, innovation is "doing what we didn't do yesterday at all, and unlocking that untapped potential." While iteration is essential for continuous improvement, Brian warns that it falls short in an AI-first world.

True innovation, he argues, is about creating something entirely new and generating net new value. "AI is asking us to reimagine how we think and operate; it is asking us to reset our mindsets for a new world, and move forward on an entirely new trajectory."

Time to Reinvent

Historically, businesses have cautiously approached digital transformation, often confusing digitization with true transformation. Until now, most companies have only been digitizing their existing processes. "When the internet came out, we created websites that were just digital brochures. E-commerce was just a digital catalog," he explains. In today's AI-powered landscape, businesses must go beyond these iterative approaches and embrace total reinvention. Leaders must balance iteration with bold, value-creating innovation.

One stark example Brian gives is the missed opportunity of Blockbuster when it famously turned down an offer to buy Netflix for \$50 million. "If Blockbuster had acquired Netflix and did its best to grow the market under its leadership, I guarantee you that today, Netflix would be gone," he says. Why? Because it would have been driven by a team that didn't have the necessary digital-first mindset.

They didn't have the curiosity or the sense of urgency to break new ground.

Time to Augment

AI tools are increasingly integrated into everyday business operations, so it's crucial to distinguish between automation and augmentation. According to Brian, "if automation is helping us do what we did yesterday, augmentation is helping us ask questions that we didn't even think to ask."

This is precisely where innovators come in. True innovation lies in augmentation. "We don't know what we don't know. No one's operating with a playbook. Everybody's trying to figure it out." With AI as a cognitive exoskeleton, we can achieve things that were previously out of reach. The challenge now is improving efficiency and rethinking business models, processes, and how we approach problem-solving.

Time for New Models and Mindsets

In Brian's vision of an AI-first world, companies must radically alter their operating models. "You can't run tomorrow's business with yesterday's talent, and you can't plug tomorrow's talent into yesterday's business model," he stresses. Instead, businesses must adapt to the ever-accelerating innovation cycle by creating AI-powered models.

This shift also calls for a new kind of leadership. AI-literate leaders are critical to guiding organizations through these transformative times. Brian cites the troubling statistic that only 7% of C-suite executives are digitally literate and postulated that AI literacy is likely even lower. There is a need for innovators to present AI opportunities in executive-friendly terms, aligning with core priorities like growth and shareholder value.

"This means that we are being driven by decision-makers who don't necessarily understand a fundamental question that we should be trying to answer, which is, what does generative AI do to shift my business?" With AI driving every aspect of decision-making and strategy, businesses must invest in developing AI knowledge within their leadership teams.

Time for Exponential Growth

AI represents a seismic shift in how businesses are growing. While most organizations operate on a linear growth model, AI introduces the potential for exponential growth. "It's going to change the trajectory of growth," Brian explains. "Those who embrace AI will experience 10x, 100x, and even beyond in terms of capabilities."

Brian illustrates this point by referencing the rapid advancements in generative AI models like *ChatGPT*. "We've already seen the leap from GPT-3.5 to GPT-4, which represents a 10x improvement. Now, imagine what happens when we get to GPT-5, GPT-6, and beyond. We are looking at an IQ of 1,500 within the next few years."

This exponential growth will create a divide between companies that leverage AI for competitive advantage and those that fail to adapt. Brian recalls a conversation with his friend Dharmesh Shah, co-founder of HubSpot. Dharmesh reframed the question "How do you compete with AI?" to "How do you compete with (the help) of AI?". Innovators who combine AI's capabilities with human creativity and ingenuity will lead in the new era.

Time to Put AI First

Brian has a powerful call to action for innovators and leaders: "If not us, then who?" We need to think of AI as a tool for transformation, not just efficiency. "This is our

time to challenge assumptions, challenge our biases, and bring a beginners' mindset because we're at day one," he believes, admitting that he's a hopeless optimist.

Leaders should adopt a 'beginner's mindset' and embrace AI as a series

of disruptive waves requiring continual adaptation. Brain's new mantra is WWAID—What Would AI Do? He urges leaders to use this in every decision-making, blending the power of AI with human intuition to build businesses that would not have otherwise existed.

▶ How to Better Align Innovation with Strategy



David Rogers
Author and Columbia Business School Professor



Although many established businesses try to deliver innovation through innovation, labs and centers of excellence, these efforts are fraught with failure. Far too often we see such initiatives shut down because—although they might generate interesting ideas—they aren't able to demonstrate value consistently, effectively, and at a scale that the business is happy with.

What do those established organizations who are able to innovate successfully do differently? It's all about closely aligning innovation efforts with business strategy, with every innovation activity tied to two specific parameters.

The first is having a clear set of strategic growth priorities, which the business will pursue over and above other things. The second is rooting every innovation effort in a strong understanding of a firm's unique advantages. Here's what this looks like in practice, according to David Rogers, author and Columbia Business School professor.

Fall in Love with the Problem, Not the Solution

Although they understandably feel the need to stay on top of trends, the way many companies approach new technologies is

often a distraction, rather than a way to solve their problems.

"I get a lot of calls from companies who want to talk to me about their AI strategy or even their *ChatGPT* strategy," David says. "And I have to start the discussion by reminding them that *ChatGPT* is not a strategy. Metaverse was not a strategy, Web 3.0 is not a strategy, blockchain is not a strategy.

We don't want to, as we say in innovation, fall in love with a solution and then, sort of backwards, start searching for something to do with it. We want to start from the point of view of our strategic priorities, or, as I would say: 'what are the problems we're trying to solve?'"

Think of the example of *Khan Academy*, which aims to support young students learning around the world. With research

showing the best way to help students progress is to provide them with a personal tutor with whom they can review their work, but with the cost of tutors a huge barrier to most, the *Khan Academy* developed an AI program that students can interact with for free at home.

Problems can also be very specific to a business, such as the picking and packing process in fulfillment centers of an e-commerce business. In order to succeed in the e-commerce world, these organizations have to become more effective and efficient at selecting the right items from around the warehouse to fulfill an order. Although one solution is to move people around the warehouse more quickly, another could be to move the items to the people.

These examples show the importance of businesses having clarity on the specific, strategic problem they want to solve—which then enables them to find different ways to experiment with solutions.

Linking Innovation to Your Unique Advantages as a Business

David's second parameter for innovation in established organizations is linking innovation efforts to their unique advantages as a business.

"If you are an established business, it is actually not enough for you to come up with a great idea—meaning an idea that achieves product-market fit, that there's demand for the solution that you're developing or proposing to to develop," he says.

"That's great if you're starting from scratch, but if you're an established business, it's not really enough to find an opportunity that someone should do. You actually need to find

something where you as a business already have a leg up on others. Where you are going to be able to deliver that outcome more cheaply, to more people, maybe with higher accuracy or reliability or personalization.

In order to do that, the opportunity has to somehow leverage some unique advantages that you already have as a business. What I see is that established businesses that have productive or fruitful innovation practices and functions within them tend to have a pretty clear focus or understanding and spend time thinking about their unique advantages versus others in their space."

To illustrate this, we can look at the moment Disney entered the streaming market, launching *Disney+* with a back catalog of unique content, characters and stories that consumers know, love, and can't access anywhere else.

Walmart's exploration of e-commerce is another example.

"One of the unique advantages Walmart has is physical proximity to the customer, particularly in North America," David says. "90% of the US population lives within 10 miles of a *Walmart* store, and that is something no other company can say—nobody else in the business, not *Amazon*, and not a physical retailer.

So they're thinking about, how do we leverage that as we solve problems around the last mile of e-commerce, as well as experiences that bridge together online and offline shopping experiences?

When we're trying to identify strategic, unique areas of advantage, we start by looking at a variety of areas, from assets, both tangible and intangible, to unique capabilities, relationships, and customers. Companies usually think they're unique and great at a lot of things. So

we typically start with a really long list, and then we have to get really honest about our competitive advantage relative to others.”

David advises companies to think about the business benefits of these advantages, such as a culture that better enables them to retain talent, or a brand that enables them to charge a premium, or inspires greater uptake in new products. They should then rank these benefits according to their business impact, before defining exactly how unique they are in the market.

“What I find is that going through this practice allows you to go from what’s typically an initial mindset of, “Oh, there’s a whole bunch of things we’re really good at as a business,” to really narrowing that down, and becoming clear that there are maybe just a few things where you have a real strategic advantage because of a different feature about your company.

You then want to think about to what degree you can link any new innovation efforts to that advantage, so you will be better able to compete with this specific innovation idea versus others.”

Working Within Strategic Constraints

When thinking about how to leverage their unique advantages, organizations should also consider whether they also offer any limitations. For example, a business might have an established and well-loved brand, but they then have to operate in line with the values and expectations this brand brings.

Looking again at *Walmart*, David notes that this caused challenges in the e-commerce space.

“We usually think of a brand as a benefit, but the *Walmart* brand is about everyday low

prices, so they knew they couldn’t do what virtually everyone else is doing in online grocery delivery, which is to pad it with fees, or to have a lot of hidden costs,” he says.

“So they started experimenting. They found a certain customer segment which was open to the idea of a membership plan where you pay an annual fee and then you get free grocery delivery all year. It’s an attractive benefit, and some people like that, but a lot of their customers weren’t interested.”

Continuing to experiment, *Walmart* then offered an enhanced online ordering experience, with saved preferences and product suggestions generated by an algorithm. Using their unique advantage of physical proximity to their customers, they then created a grocery pick up service in the car parks of their stores.

“This turned out to appeal to a lot of customers,” David says. “And not only did it appeal to a lot of customers, but it also was something that played to *Walmart’s* unique advantage of proximity to the customer. It’s not nearly such a big ask to stop by a *Walmart* store if it’s 10 miles or less from you at any given time, so this service took off and did very well in the market.”

Setting Up Your Innovation Stack

Even when they hit on something that works well, it’s important for organizations to keep experimenting as markets and consumer preferences will always change.

“*Walmart* continues to experiment, and one of the things they discovered is that those who are paying for home delivery, are actually willing to pay a premium for it. They are happy to have you not just come and deliver the groceries on your doorstep, but to come inside and put them away for you,

so your ice cream doesn't melt, or your fruit doesn't go moldy... This is what innovation linked to clear strategic principles looks like in practice."

In order to facilitate the kind of rapid experimentation with different solutions like that seen at *Walmart*, innovation teams need to be small and multifunctional, and they must be given autonomy and the ability to make decisions. This also means a clear definition of what success is and transparent metrics to analyze their work.

"We also have to think about the two layers above the teams, in what I call an innovation stack," David notes. "How do you structure them in order to manage not just one venture idea problem that you're trying to solve, but to go after multiple problems that matter to

the business at the same time with different efforts, knowing that most of them will not succeed?"

This involves setting up the right processes around green lighting projects, iterative funding, shutdowns and scaling. It's also important for strategy to be defined at every level of the business.

"You want to have an enterprise level strategy in terms of what the business is focused on, where the growth is, and how you're trying to position the firm," David says.

"But then you also want to translate that at the level of different business units and functions, such as HR and supply chain, and then share that strategy across every level of the organization as well."

▶ Building Breakthrough Innovation Capabilities: A Framework for Strategic Innovation



Gina O'Connor

Professor of Innovation Management at Babson College



Breakthrough innovation doesn't happen by chance. It requires a deliberate framework and structural capability within organisations. Gina O'Connor, a leading expert in innovation, highlights the importance of embedding innovation as a core organisational function. By focusing on leadership, specialised systems, and a persistent approach, companies can position themselves to create the futures they envision.

From Reactive to Proactive: The Evolution of Breakthrough Innovation

Gina underscores the journey many companies face as they grow. Early on,

organizations thrive on a culture of dynamism and experimentation. However, as they scale, the structures that support efficiency and profitability often stifle the flexibility needed for groundbreaking innovation. "You can't go back to that original culture in a large,

complex organization,” she explains, “but you can build a new capability to foster innovation within that complexity.”

To Gina, the challenge lies in creating systems that integrate innovation without disrupting the mainstream business. She emphasizes the importance of distinguishing between “mainstream” and “new stream” activities, calling for structural ambidexterity. “We’re not looking to recreate the chaotic flexibility of a startup,” she states, “but to embed a capability that sustains over time.”

What Does It Take to Build Breakthrough Innovation Capability?

Gina describes breakthrough innovation as a function that requires dedicated infrastructure. “Leaders often talk about wanting breakthrough innovation but fail to build the supportive systems needed for it,” she says. For large, mature organizations, creating a culture of innovation is no longer sufficient; it must be institutionalized.

Building this capability involves recognizing and managing four types of uncertainties: technical, market, resource, and organizational. Gina highlights how innovation exists in a “realm of uncertainty” intolerable for core businesses, requiring specific practices to manage these challenges. She further emphasizes that breakthrough innovation drives long-term, sustainable growth while incremental efforts keep firms afloat.

Gina outlines a framework of principles essential for successful strategic innovation:

1. Establish a common language for innovation.
2. Develop and commit to domains of innovation intent.
3. Treat strategic innovation as an organizational capability, not just a process.
4. Build robust discovery, incubation, and acceleration capabilities.
5. Address technical, market, resource, and organizational uncertainties.
6. Ensure persistence by sustaining innovation even during lean times.
7. Create clear role descriptions for innovation functions.
8. Design an Innovation Council to guide and govern the process.

When Should Companies Start Investing in Innovation Capabilities?

Timing is critical. Gina advises organizations to act before they face a growth gap. “When companies wait until they realize they can’t meet growth objectives through existing strategies, it’s often too late,” she warns. A strategic innovation capability requires years to mature, and early investment is essential for sustainable success.

Gina suggests beginning when the organization starts maturing, often by the third generation of leadership. She provides evidence from case studies indicating that meaningful revenue from strategic innovation emerges within five years, with billion-dollar business units forming in ten.

Companies must treat strategic innovation as a permanent function, not a temporary initiative or project. She stresses that innovation groups must have “staying power,” as prolonged dedication strengthens the relationship between inputs and outcomes.

The Core Competencies for Breakthrough Innovation

At the heart of Gina’s framework are three distinct phases of capability development:

1. **Discovery:** Generating and identifying opportunities within broad domains of innovation intent. These are areas where a company aims to lead in solving global challenges in the next 5–10 years.
2. **Incubation:** Testing and refining these opportunities to explore their market potential and technological feasibility.
3. **Acceleration:** Scaling the validated ideas into sustainable business units or mainstream offerings.

Gina highlights the necessity of a dedicated team for each phase. “Discovery teams should be free to imagine new possibilities, while incubation teams must have the agility to pivot and experiment. Each requires different skill sets and governance structures.”

The Role of Leadership and Governance

Central to Gina’s approach is establishing an Innovation Council, a group of senior leaders tasked with guiding the strategic direction of innovation efforts. The council should be distinct from operational leadership and prioritize the company’s long-term health over immediate business needs.

How Should an Innovation Council Be Structured?

Gina recommends limiting the council’s size to six to eight members to enable meaningful decision-making. The council should focus on strategic innovation domains and high-level choices rather than micromanaging individual projects. Its role is to act as a strategic partner, guiding the company’s future, even if this means supporting innovations that might disrupt existing business models.

Leadership alignment and commitment are critical. Gina stresses the importance of making innovation a permanent fixture, avoiding the cycle where initiatives are

abandoned once immediate pressures subside. Innovation capability should be continuously supported by senior executives who have decision-making authority and are focused on the company’s long-term health.

What Kinds of People Should Be In the Council?

Council members must possess key attributes, including a strategic vision that prioritizes long-term growth and the decision-making authority to allocate resources and commit to areas of innovation intent. They should maintain a future-oriented perspective, focusing on the company’s health a decade from now rather than current profitability or business unit performance. Additionally, strong collaboration skills are essential. Members should be able to provide strategic guidance to domain leaders without micromanaging individual projects.

How Can You Sell Innovation to Leadership?

Convincing leadership to invest in innovation can take time and effort. Building a capability for strategic innovation is not about achieving quick wins. It’s about creating a sustainable system that evolves with your organization and the world around it.

Yet Gina points out that innovation does not have to be as costly as executives often fear. “It’s not about throwing money at it but building the right capabilities and being persistent,” she says.

Gina’s practical advice for selling innovation:

- **Frame it strategically:** Emphasize the organization’s future health and the potential for new growth streams. Gina argues for presenting innovation investments in terms of their long-term impact on stock price and top-line growth.

- **Showcase ROI potential:** Provide realistic timelines for returns, highlighting the long-term value.
- **Establish trust:** Foster a partnership between the CEO and Chief Innovation Officer, ensuring alignment on goals. Gina highlights the need to engage executives with evidence-based arguments using metrics executives understand, like stock price or market value.

Practical Steps to Start the Journey

For organizations at the early stages of embracing breakthrough innovation, Gina advises:

- **Define clear innovation language:** Establish shared terminology to differentiate incremental, adjacent, and breakthrough innovations.
- **Start with orphan projects:** Identify and build upon neglected ideas

that show potential but need more organizational support.

- **Build momentum:** Demonstrate early progress to gain organizational buy-in and foster enthusiasm for innovation efforts.
- **Align around domains of innovation intent:** Engage leadership to commit to strategic areas that will drive long-term growth.
- **Create clear roles:** Agree on the description of innovation functions to ensure well-defined responsibilities and expectations.
- **Ensure persistence:** Treat innovation as a long-term commitment, sustaining efforts even during lean times.

Gina also highlights the value of tracking key achievement and performance indicators to maintain focus and demonstrate progress.

“It’s not about the number of ideas but the quality and potential of opportunities within your portfolio.”

▶ The Illusion of Innovation: Why Innovation Fails and What We Can Do About It



Elliott Parker
CEO at High Alpha Innovation



Innovation is frequently mentioned in corporate boardrooms, but Elliott Parker, CEO of *High Alpha Innovation* and author of ‘*The Illusion of Innovation*’, argues that much of it is mere theater masquerading as progress. Many corporations struggle to innovate meaningfully.

Here’s what Elliott believes can be done to break out of this illusion and deliver real, transformative results.

The Illusion of Innovation

Many large organizations, whether corporations, governments, or schools,

are increasingly incapable of responding to change and opportunity. “The illusion of innovation is the idea that inside large organizations, there’s a lot of activity done in the name of innovation, but most of it doesn’t produce meaningful results,” says Elliott.

Many organizations engage in ‘innovation theater’ where everyone looks busy in endless meetings discussing the importance of innovation, but nothing truly impactful emerges. This illusion wastes time and resources and can be value-destructive.

Why Large Organizations Struggle to Innovate

The main issue is with structures and cultural dynamics within corporations. “Corporations are amazing tools for massive collaboration,” Elliott explains. They bring together thousands of people to tackle complex problems that startups could never manage alone. However, the very systems that make corporations so effective at managing established business models also make them resistant to change and innovation.

Elliott shares an analogy from the film *Ford vs. Ferrari* to illustrate this point. In one scene, Ford’s massive corporate machine is contrasted with the scrappy ingenuity of Carroll Shelby’s small team. While Ford relied on data-driven, bureaucratic processes, Shelby’s team used quick, simple experiments to achieve results. “That’s what startups do well. Corporations, on the other hand, are built for scale and efficiency, not for experimentation.”

The Capitalist Dilemma

One of the fundamental issues in large organizations is what Elliott refers to as the capitalist dilemma. This concept was developed by his mentor, Clayton Christensen. “Decades ago, we decided

that return on invested capital (ROIC) was the most important metric by which we measure success. As a result, corporations have become optimized for efficiency, not innovation.”

This relentless focus on ROIC has created a situation where companies hoard large amounts of cash whilst failing to invest in breakthrough innovations. Instead, many corporations buy back shares to raise stock prices. This practice further incentivizes short-term thinking over long-term growth. “These companies have forgotten how to dream big,” Elliott warns. “They’re more interested in being efficient than taking risks, making them fragile in the face of disruption.”

Rethinking Innovation Funding

Elliott believes treating innovation as a capital investment (CapEx) rather than an operating expense (OpEx) frees up patient funding, which is essential for long-term, transformative projects. “You can do this by creating external, independent startups that can be receptacles for that balance sheet capital. Companies can now invest in outside innovation without negatively impacting their profits,” he explains.

Organizations can manage risk by giving smaller budgets to external startups or similar projects. This allows new ideas to succeed or fail independently of the core business. An approach that enables companies to support experimental projects that need time to mature without the pressure of immediate returns.

Innovation Through Constraints

Elliott offers a seemingly counterintuitive solution that organizations should embrace constraints. “Don’t make innovation objectives-driven; govern it by constraints,” he advises. Instead of setting high goals, companies should work within clear constraints, like

limited resources or time. This boosts creativity and encourages sustained experimentation.

This approach is similar to how natural systems evolve through trial and error. Innovation in systems like the Amazon rainforest, for example, happens at the individual level, where small experiments lead to broader breakthroughs without top-down direction. “What’s interesting is that innovation in the Amazon is managed by constraints. The organisms must compete with only a certain amount of sunlight, water, and air. This provides a really powerful model for thinking about innovation inside corporations.” Instead of setting lofty objectives, let constraints guide innovation.

Elliott uses a fascinating example from Walt Disney’s life to illustrate the power of pursuing what’s interesting within constraints. Disney didn’t set out to build an empire of theme parks. Instead, he was simply obsessed with trains. “By pursuing what was interesting, Walt ended up creating *Disneyland*. He didn’t plan it. He followed his curiosity within the constraints of his passion, and the rest is history.”

Weak Signals: The Key to Early Innovation

Another critical element of innovation is learning to recognize weak signals before they become widely recognized. By the time something becomes a widely discussed trend, it’s often too late for corporations to act. “If it’s on Google, you’re already too late,” Elliott points out.

Is there another way to discover trends before they become mainstream? “There’s only one way to do it. The only way to get data about the future is to create it. And you create data by taking action.”

To do this, organizations must embrace environments where anomalies and surprises are welcomed rather than suppressed. “You need to create tension in the system,” Elliott explains, noting that organizations often fall into the trap of designing experiments to reinforce what they already believe, which only creates an illusion of innovation. True innovation requires experiments that question assumptions and push boundaries to uncover new possibilities.

Optimism in Innovation

Many people have become pessimistic about the future in a world filled with bad news. However, Elliott believes that optimism is a moral duty as well as a strategic advantage. “Optimists have historically been right far more often than pessimists,” he adds. “Long-term thinking is a form of optimism and companies that think long-term are more likely to succeed.”

Companies like *Amazon*, have consistently taken a long-term, optimistic view of the market. By investing in experimentation and focusing on customer needs, *Amazon* built a business that, while often criticized for losing money in the short term, ultimately dominated (and continues to dominate) its industry.

▶ Why Corporate Leaders Need a Mindset Shift for Growth



Ed Ross
COO at Mach49



Large companies must decide whether they want to be disrupted or be the disruptors.

As startups seize market opportunities and venture capitalists disrupt industries, many corporate leaders find themselves on the defensive. Ed Ross, a seasoned strategist with *Mach49*, sees this competitive dynamic regularly. His team of founders and venture capitalists are responsible for over \$60 billion in market capitalization.

The Threat is Real

Many corporate leaders underestimate the threat from fast-moving competitors. “Silicon Valley is coming, and they want to eat your lunch,” Jamie Dimon famously said.

Forty percent of CEOs surveyed by *PwC* believe their companies won’t survive the next 10 years if they don’t change course. The life expectancy of corporations has plummeted from 75 years to just 15. This disruption spans industries. “Even if you don’t think your business is at risk, you are leaving an unbelievable amount of money on the table,” Ed emphasizes.

The rise of unicorn startups, now valued at nearly \$4 trillion collectively, is a stark example of lost opportunities. There is a sea of venture capitalists with an obscene amount of money looking at your core business and realizing that they can execute faster than you, and they are just looking for that opportunity to come after your business.

The Battle Between Startups and Corporations

What is the critical advantage startups have? Their ability to innovate rapidly. While corporations possess valuable assets, expertise, and customer bases, they often lack the agility to respond to market shifts. “There’s no reason *Marriott* couldn’t have created *Airbnb* or *Chase* couldn’t have created *Stripe*,” Ed says. Yet, these disruptive innovations often come from small, agile teams outside large companies.

However, big companies are well-positioned to reclaim their innovation edge if only they shift their mindset. “It really comes down to a decision and a confidence to remove the orthodoxies, inertia, and antibodies from the organization,” Ed explains. This means corporations must embrace a new approach to venture creation that reflects the speedy, iterative startup culture.

A New Playbook for Corporate Innovation

So, how can corporate leaders foster innovation? Follow this simple yet powerful framework that Ed and his team use to help companies think and act like startups.

The four phases of venture building:

1. **Ideate:** Identify opportunities for new ventures by defining clear challenge statements and exploring domains or holding competitions.
2. **Incubate:** Conduct customer research to validate the opportunity, develop solutions, and culminate in a pitch day after 12 weeks.
3. **Accelerate:** Develop and test an MVP while refining the go-to-market strategy over 6 to 12 months.
4. **Scale:** Expand the venture by building scalable infrastructure, growing the team, and increasing market efforts with significant investment.

The process starts with understanding customer pain points. “You can’t outsource customer understanding,” Ed emphasizes. “You have to get on the phone and talk to your customers directly.” He explains that they speak with between 150 and 300 customers during incubation, typically four to six interviews per day.

Once real problems are identified, companies can explore how current technologies and trends might solve them by running small, rapid experiments to test hypotheses.

“With a startup, you don’t know who the customer is, you don’t know what the product is. Step one is acknowledging that you don’t know.”

To keep teams on track, there should be a fast 12-week incubation period that forces focus on essentials, preventing overthinking and ensuring alignment with shifting market demands. “Time is the enemy. If you give too much time, people start second-guessing everything,” Ed stresses.

Building a Portfolio of Ventures

One venture alone isn’t enough. To adopt a venture capitalist mindset, companies

must build a portfolio of innovations, constantly feeding new ideas through an incubation machine. “You have to be brutal with how long you let these ventures go,” he says. Companies running multi-year pilots drag out projects without delivering financial returns which can lead to their eventual cancellation.

Instead, the process should be structured around multiple small bets. By iterating quickly, companies can pivot based on feedback and only scale ventures that show real promise. “If you’re doing a good job, you’re throwing away 80% of what you’re working on,” Ed explains, emphasizing the importance of failing fast and moving on.

Aligning Leadership

One of the biggest challenges for large corporations is aligning their leadership team with the new ways of working. “For founders, this kind of work is hard, but it’s much harder for senior executives,” Ed notes.

Many executives are used to sitting on management review boards, scrutinizing proposals for flaws, but this isn’t helpful in a startup environment. “You don’t need help poking holes, you already know what’s wrong. You need people who will lean in and help solve the problems.”

To address this, pair executives with former venture capitalists who understand how to guide startups. This mentorship helps corporate leaders adapt to the fast-paced, uncertain world of venture creation, enabling them to support innovation efforts better.

With the right mindset and a willingness to act, large companies can survive and thrive in this new era of innovation. Corporations have all the resources and expertise needed to reclaim their position at the forefront of innovation.

▶ It Takes a Village to Innovate



Tendayi Viki
Associate Partner at Strategyzer



The innovation profession has come a long way in the past few years. From its humble and experimental beginnings, we've now got a range of tried and tested techniques for how to put innovation into practice, taking new products and features from ideation to the next big thing.

While this sounds simple, we all know it's anything but there's one thing innovation methodologies have always failed to address.

That is the human side of corporate innovation—the psychology of the people involved in the work, the way they behave, and their relationships with each other within a large organization.

Find a way to work well with people outside the innovation department, and you might just crack the code to successful innovation within your company, says Tendayi Viki, Associate Partner at *Strategyzer* and Author of *Pirates In The Navy*. *Here's how.*

We Need Innovators, Not Heroes

When innovators succeed within a company, they do so against the odds. Complex bureaucracy, detailed documentation, and the need to convince multiple different stakeholders to back an idea are frequent challenges innovators face when trying to get their ideas off the ground. This not only makes success much more difficult, it also takes a huge personal toll on innovation professionals themselves.

"We evaluated a company where the innovators spent more time on documentation than doing the work," Tendayi says. "Innovation was more about satisfying

internal stakeholders than it was about meeting customer needs.

I remember having a conversation with one of the guys there and he hated it—he said to me, 'you can only innovate if you're like me, and you don't care about your career.' We actually called the innovators there 'hero innovators', because it took so much effort for them to actually become successful. But nobody was having the conversation about why it was so hard to innovate in these companies.

We don't want our innovators to be heroes, what we really need to do is just to lower the barriers for them to collaborate. Because if we can't there's no chance for innovation to succeed. If you're working on your own, you have zero chance of success."

The Core Business... And Its Superpowers

When organizations do begin to evaluate why they struggle with innovation, they often find that it's extremely difficult for innovators to work with their colleagues in the core business. Whether it's sales directors preventing innovators from talking to customers, or IT teams putting projects at the bottom of the backlog, innovators can quickly

become frustrated at a lack of support for their work.

Yet instead of seeing these people as obstacles, Tendayi recommends taking a different perspective.

“In innovation, ideas are a dime a dozen. What really matters is turning those ideas into successful businesses out into the world. So the human beings that are going to do the work are really, really, really important.

You can view all of these collaborators within the business as obstacles if you want, but if you really think about it, you can also think about them as superpowers. This is the psychological reframe I would love for innovation folks to start to have in their minds.

Why? Just think about the comparison between a startup and a large organization. A startup is like a mosquito: you get all the agility in the world, but you die easily. But when you're a large organization, you have some advantages.

One advantage is the brand. You can leverage your brand, if you get permission to do it, of course. You have resources in terms of human talent, and support from key functions. Your financial resources are sometimes larger than those at startups, and then finally, when it comes to going to market, you actually have access to customers that you can start testing with. These are all superpowers.”

And as for organizations that fail to seize the benefits of these superpowers?

“If you're an innovation team inside a large organization, and you're not leveraging the superpowers, then you're a startup in chains,” Tendayi says.

“This is a phrase that was coined by Alex Osterwalder. It means that you don't have the freedoms of a real startup, and you're not

leveraging the benefits of being inside a large organization, so you're literally in the middle of nowhere. The only thing that unlocks these chains is the village—collaborating effectively with people in different functions in the core business.”

How to Work With the Core Business

For Tendayi, working successfully with the core business is all about tapping into the human side of things, which can only happen through open conversation. Here's his advice on how to collaborate more effectively with finance, legal and compliance, and human resources leaders in your organization.

What You Need From Finance

Remove the requirement to have a business case in the early stages of innovation, giving teams the ability to explore their initial ideas. Agree at what stage you'll need to provide a business case, and how you'll work with finance from this point onwards. This will help you demonstrate that while you need freedom in the early stages of your work, you are willing to collaborate with finance as a whole.

Set up a system for allocating metered funding—or incremental investment—in innovation ideas. This should include funding limits, and what evidence innovators need to provide to demonstrate their idea has traction and unlock further investment. Putting the right system in place will reassure finance that investment in innovation is based on the feasibility of ideas and their likely success.

Consider implementing EBITDA relief—where any money invested in innovation is not included in EBITDA calculations. This will give leaders the freedom to invest in innovation activity without worrying about how it will impact their financial performance, and boost innovation activity within your organization.

What You Need From Legal and Compliance

Remove barriers to testing ideas by applying the appropriate compliance criteria to the right stage of innovation. This involves explaining to the legal team what activity you will undertake at each stage of the work, from discovery to launch, and understanding its implications. For example, if at the discovery stage you're only speaking to customers to understand their needs—which legal and compliance considerations apply? Then what happens when you launch and scale with real customers? Having the right legal considerations in play at the right stage will make sure you don't stifle innovation efforts with too many hoops to jump through.

What You Need From Human Resources

Make innovation a legitimate career path inside your organization, by building systems and processes that incentivize innovation. This means building systems and processes that help people collaborate across teams and across functions within the business. Organizational hierarchy really comes into play here—where does the Chief Innovation Officer sit within the organization? Who do they report to? If innovation is a priority for the organization, then as a function it needs power and legitimacy, ideally with close proximity to the CEO.

Work with HR to help you build the right team. This might be starting with a

small team, and adding more members as your innovation progresses. It could be incentivizing innovation by giving employees a stake in the ideas they're working on. Or it might be reallocating people to new roles so they can explore a new idea, and providing funding for their temporary replacement.

Find Your Inner Politician to Facilitate Conversation

Fundamentally, effective collaboration with core functions comes from understanding each other's needs and priorities. Yet large organizations don't typically bring the right people together, at the right time, and in the right way, to facilitate the right kinds of conversations between innovators and the rest of the business.

If innovators understood their role in this way, as facilitators of conversation—or as Tendayi puts it “politicians”, rather than ideas generators—there would be greater alignment on priorities, people in the core would be far more supportive of innovation work, and innovation activity as a whole would likely be much more successful.

So when you're thinking about the success of your innovation activity, don't forget the importance of harnessing the village you have around you within your organization. It's your responsibility to set up the town square that brings all stakeholders together and facilitate ongoing communication and effective collaboration.



The biggest value any corporate innovation team can deliver to their organizations is...

... driving measurable business impact that aligns with strategic goals.

Christian Mühlroth, ITONICS

... new ways of generating revenue from existing assets. This is what executive teams are asking for and should be a focus for every corporate innovation team.

David Milner, OneUp

... enabling growth outside of the core business (which can also be adjacent)

Frank Mattes, Lean Scaleup



Could Your Next Billion-Dollar Idea Be Stalled by Your Own Bureaucracy?



Tyler Anderson, David Duncan & June Barrage

CEO at Disruptive Edge | Executive in Residence at Disruptive Edge | Associate Partner at Disruptive Edge



Corporate innovation is full of promise, but the reality is often less glamorous. Despite big budgets and ambitious visions, many companies find themselves stuck, unable to turn potential into profit.

At *Disruptive Edge*, Tyler Anderson, David Duncan and June Barrage from *Disruptive Edge* have seen this firsthand through their work with over twenty-five organizations, including numerous *Fortune 1000* clients. The surprising truth? No matter the industry or size, the barriers to innovation success are strikingly similar. Here, they unpack five common barriers to innovation success and provide actionable strategies to overcome them.

1. Misalignment Between Innovation Functions and Core Strategy

The Challenge: Innovation labs and accelerators are celebrated as hubs of

creativity and experimentation. However, if the lab is disconnected from your corporate strategy, it's just a silo of wasted potential.

Proofpoint: A leading technology company, renowned for pioneering innovations like the graphical user interface, epitomizes this challenge. Despite its achievements, this corporation's innovations failed to align with the core business' strategic priorities, allowing competitors to reap the rewards instead.

Solution: Ground innovation efforts in the corporate strategy. Start by asking critical questions: What is the company's current market position? What are its growth goals?

What does the future of the business look like? Innovation should be a tool to accelerate these objectives. To achieve this, leadership must establish clear connections between the innovation function and corporate priorities. This alignment ensures that innovation is not an isolated endeavor but a driver of strategic value.

2. Insufficient Planning for Scaling

The Challenge: Many organizations excel at generating ideas and developing prototypes, only to stumble when it's time to scale. A common issue is a lack of forward-looking resource planning, leaving promising projects stranded at critical junctures.

Proofpoint: A Fortune 500 health technology company provides a cautionary tale. The organization successfully launched several pilot initiatives that aligned with its strategic goals and targeted adjacent markets. However, when the time came to scale these projects, budget constraints brought progress to a halt. The failure to anticipate the funding needs for scaling ultimately wasted significant effort and potential.

Solution: Use a stage-gate funding process, investing incrementally as projects demonstrate their viability. This approach allows organizations to de-risk scaling efforts while ensuring that resources are available when they're needed most. By incorporating scaling considerations into the earliest phases of innovation planning, companies can set their projects up for long-term success.

3. Bureaucratic Bottlenecks Stemming from Core Dependencies

The Challenge: Innovation teams often get bogged down by internal processes. Legal,

IT, and HR are vital but can be painfully slow, especially when geared for the core business, not agile innovation.

Proofpoint: A multinational consumer goods company encountered this challenge frequently. For instance, innovation projects that required legal input became bogged down by approval processes designed for the core business. These delays undermined the momentum of initiatives and frustrated teams.

Solution: Establish a venture studio or similar semi-autonomous unit that operates with greater freedom while strategically leveraging core resources. This hybrid model speeds up decision-making and maintains agility. Venture studios are particularly effective because they eliminate many bureaucratic hurdles, allowing innovation teams to operate more like startups while still drawing on the parent company's expertise and assets.

4. The Persistence of "Zombie Projects"

The Challenge: One of the most pervasive barriers to innovation success is the inability to kill underperforming projects. These so-called "zombie projects" continue to consume resources without delivering meaningful value, often because team members fear the professional consequences of failure.

Proofpoint: A major Middle Eastern food and beverage company exemplified this challenge. Its innovation strategy prioritized the number of active projects as a key performance metric. This approach led to an accumulation of low-impact initiatives, draining resources from higher-potential opportunities.

Solution: Implement a robust portfolio management framework. Regularly assess projects for strategic alignment and potential ROI. Don't be afraid to kill what isn't working—it frees up resources for the next big win.

5. A Talent Gap in Scaling Expertise

The Challenge: Innovation success depends on more than great ideas—it requires the ability to scale them effectively. However, finding talent with both the entrepreneurial mindset and the corporate acumen to bring innovations to market is a persistent challenge for many organizations.

Proofpoint: Large enterprises often attract individuals seeking stability, which can conflict with the high-energy, risk-tolerant mindset needed for innovation. In contrast, big tech giants actively recruit individuals with a “founder mindset,” offering incentives that reward creativity and drive.

Solution: Introduce Entrepreneur-in-Residence (EIR) programs, establish venture studios, and partner with external consultants who bring entrepreneurial expertise. Organizations should also rethink traditional compensation structures to attract talent that thrives in dynamic, high-pressure environments. By creating roles and environments that cater to entrepreneurial individuals, companies can build the capabilities needed to scale innovation effectively.

The Path Forward: Building an Entrepreneurial Culture

Too many innovation functions operate like a “zoo”—safe, curated, and ultimately stifling. To succeed, organizations need a “wilderness” approach, embracing risk, experimentation, and speed.

Companies that tackle these barriers head-on transform their innovation initiatives into growth engines. It’s not easy, but the payoff is worth it: a more agile, responsive organization ready to lead in a rapidly changing world.

Innovation requires more than creativity; it demands discipline, alignment, and agility. Companies that rise to the challenge will not only see greater returns on their innovation investments but will also position themselves as leaders in a rapidly evolving world.

Transformation is possible, and the rewards are worth the effort.

Transformation is possible, and the rewards are real. The question is, are you ready to make it happen?

Stuck With Creating Growth Outside of the Core?



Frank Mattes
CEO at Lean Scaleup



To create revenue beyond the existing business, corporate innovators need to design a supportive NOW/NEW interface. The *Lean Scaleup* framework shows the crucial dimensions and a basis for small but impactful nudges, says Frank Mattes, CEO of *Lean Scaleup*.

There is an 80 percent chance that growth “outside the box” is a top-5 priority in your

company. The “box” refers to your company’s current business model, operating model, and

mental model. But chances are, your company is not delivering that growth. Only 1 in 30 company startups build a new \$50 million business, 29 out of 30 attempts fail.

Even in good times, out-of-the-box innovation is a tough game. No one is really happy:

- Senior managers ask why innovation is not moving the needle.
- Business sponsors wonder why they can't see a clear ROI and if they shouldn't better invest into strengthening the existing business.
- Front-end units ask what happened to all the opportunities they identified and asked to scale.
- Scalars wonder why they are constantly pressured to move faster while being chronically under-resourced.

In the current economic climate, many corporate innovation units are facing budget cuts and demands to do more with less. This makes it even harder to create new growth. So, how can you and your company overcome these challenges and achieve growth?

The Problem

Of course, in some cases, missing clarity and scaling expertise might be the reason for the lack of new growth. In these cases, for example, corporate startups/scaleups:

- Lack a clear understanding of the ideal customer profile
- Have difficulty identifying pioneers and early adopters
- Are fuzzy and inconsistent in their messaging
- Keep guessing about the most effective channels
- Love their product more than the solution

However, the underlying reason is, more often than not, that your company has not yet

identified an effective method of integrating its two value-creation systems. On the one hand, there is the existing business, or "NOW," which employs 99 percent of the staff; on the other, there is the system designed to innovate outside the box, or "NEW."

The interface between NOW and NEW is the critical piece. It is about leveraging corporate assets and capabilities for new growth, such as:

- Getting access to customers
- Using transactional data for training AI models
- Engaging functional experts to solve tough questions
- Tapping into a global supplier base
- Using the company's negotiation power
- Providing "entrepreneurship with a safety net" for top talent

The two systems are incompatible. NOW is—for valid reasons—process-driven, short-term-focused, and risk-averse. In contrast, NEW embraces risk and uncertainty, functions in an agile style, and has a long-term view. Furthermore, there are significant differences between NOW and NEW in KPIs, goals, structures, and hierarchies, along with governance, incentives, personnel, and culture.

NOW is the dominant system since it generates the margins that shareholders expect, and it funds NEW. Senior management is typically incentivized to deliver short-term revenues and margins in a predictable way. However, when they focus only on NOW and do not find an effective way to integrate NEW, they risk becoming the next *Nokia, Kodak, Blockbuster, Yahoo, or Xerox*.

This "system problem" is amplified by three more factors. First, companies use ineffective frameworks to structure the end-to-end process from a "meaningful search field" to a scaled-up business. Most of these corporate

frameworks are based on the Lean Startup—but the Lean Startup was never designed for corporates, as Steve Blank, the founder of the movement, says. In fact, the Lean Startup-based approach to innovation that many corporate innovators use deepens the gap between NOW and NEW.

Second, NOW senior managers often treat potential and emerging businesses as if they were established businesses. They ask for a perfect growth plan to be executed flawlessly. But these plans are doomed from the start. They contain big numbers because that is what senior management wants to see, and tons of unvalidated assumptions.

Third, companies define their identity by past successes and their products and past successes. It appears that senior managers often find it easier to repeat past successes than to create new ones. However, this creates organizational and cultural inertia. The company's operating and mental models can become entrenched, like a river carved into the bedrock of a massive canyon, which cannot break out of the canyon it carved.

Designing Your Company's NOW/NEW Interface

An effective and well-designed NOW/NEW interface helps to future-proof the company by ensuring wins in NOW while at the same time creating NEW. It allows corporate innovators to turn the theoretical advantage of having access to the company's assets and capabilities into a real and material advantage in creating new growth.

Together with more than 100 corporate and academic experts, I distilled best practices in out-of-the-box innovation into one actionable framework that helps corporate innovators to design the mission-critical NOW/NEW interface. This framework, the *Lean Scaleup*, addresses the challenges mentioned above.

At a high level, the *Lean Scaleup* helps corporate innovators identify the pieces that make up the bridge between NOW and NEW that connects the two incompatible systems. This bridge has three pillars:

- Leadership
- Process and methodology
- People and culture

Each of these pillars has four modules—but each persona in the out-of-the-box innovation context (the ones mentioned at the beginning of this article and the heads of corporate startups and CEOs of corporate scaleups) needs only a subset. In this way, each persona is provided with best practices for their tasks while everyone involved is working on a coherent and consistent system.

At the working level, the modules of the *Lean Scaleup* provide practical guidance for designing the company-specific solution in that area. Two examples may illustrate this point:

1. Making out-of-the-box innovation digestible for NOW

Any out-of-the-box ambition that goes beyond NOW's 12–18-month operational horizon is hard to digest for the existing business. It has little chance of being reflected in NOW's goal system and, therefore, little chance of being supported by middle managers when they need to prioritize NOW and NEW.

However, this insight also provides one lever to integrate NOW and NEW: Out-of-the-box innovations must have a clear roadmap with clear deliverables in time slices that do not stretch out for more than 12–18 months. This allows senior managers and corporate innovators to make the out-of-the-box innovation become a part of NOW's jobs-to-be-done.

2. Arrange a well-structured “Transition to Scaling” phase

Most out-of-the-box innovation frameworks do not have a dedicated phase between Discovery/Validation and Scaling. They seem to suggest that after validation, all conflicts between NOW and NEW are magically solved, and NOW is fully prepared to support scaling the emerging business.

Of course, this is far from the reality. A well-structured transitional phase between validation and scaling supports aligning NOW and NEW by, for example:

- Highlighting and addressing “scalability debts”
- Establishing a collaboration model
- Developing a shared game plan

Use the Theory of Constraints to Find Your Leverage Point

No chain is stronger than its weakest link, and every system’s performance is

determined by its tightest constraint. As described above, the NOW/NEW interface with its 12 modules is such a system. Hence, to support your ambition and maximize the chances of achieving new growth, you should start by removing the biggest impediments.

You could achieve this by:

- Identifying the problem that you can realistically solve within that constraining module
- Identifying and prioritizing improvement activities
- Arrange them in 30, 90 and 180-day buckets

Since success creates more success, you will have good arguments to tackle the next constraint and increase your chances of creating new growth even more. It may be a daunting task in these challenging times to upgrade your organization’s NOW/NEW interface, but that makes it all the more important.

The 2025 Top Trends in Corporate Innovation



Dr. Christian Mühlroth
CEO at ITONICS



Corporate innovation is at a critical juncture as we enter 2025, argues Dr. Christian Mühlroth, CEO at *ITONICS*. From his discussions with hundreds of corporate innovation teams and leaders globally, the message is clear: innovation must now prove its tangible impact on business value. The focus is now on driving meaningful results, with resources tighter than ever before.

Below are the key trends shaping corporate innovation in 2025, drawn from these

conversations and current challenges facing innovation departments worldwide.

1. Proving the Impact of Innovation

Innovation teams in 2025 face the unambiguous challenge of demonstrating real business outcomes. Gone are the days when launching flashy initiatives was enough to keep stakeholders happy. Instead, innovation must clearly contribute to revenue growth, cost savings, or competitive positioning.

The ability of innovation departments to measure impact and gain top management's trust is crucial. From their benchmark, 91% of innovation departments confirmed that the phase of launching visible but non-performance-focused actions is ending. From now on, top management expects clear innovation results.

The economic context demands that innovation budgets be justified, with increased pressure to prove ROI. Centralizing all initiatives while retaining agility is essential. In our benchmark, 78% of innovation departments are making this a top priority for 2025.

Your innovation portfolio must always reflect the overall strategy. Like a VC firm, innovation departments need to invest according to their goals, balancing risks and opportunities. Connecting innovation activities to corporate strategy is key to success.

Actionable Tip: Focus on a decentralized execution combined with a centralized portfolio management, with the first steps being:

1. Make a cross-department inventory of innovation initiatives and set up ROI expectations from innovation.
2. Manage these initiatives as an integrated innovation portfolio & prioritize them according to the strategy.
3. Implement an operating model including funding, governance, and metrics.

2. Innovation Playbooks to Scale Across the Organization

Decentralized innovation without consistency and shared practices leads to chaos. This year, 63% of the innovation teams we spoke with are working on creating standardized processes to ensure more structured management of innovation initiatives.

The idea is to find common methodologies, a "playbook," that different teams can leverage to improve their success rate. By fostering a common language and methodology, organizations can not only avoid duplicated efforts but also make the best use of past experiences to improve the current project pipeline.

Actionable Tip: Simplify and standardize to make real progress. Create a unified "innovation playbook" to streamline processes across teams and accelerate time-to-market for innovation projects.

3. Defining the Right KPIs

Defining the right KPIs for innovation is critical to demonstrating progress and justifying investments. Once you have centralized all your innovation initiatives into a cohesive portfolio that reflects the innovation strategy, KPIs must be clearly established and continuously adapted to both internal and external factors.

The right KPIs will vary based on several variables, such as the nature of the project, its ambition, time horizon, operating model, and stage. They must evolve over time to ensure that innovation efforts remain aligned with changing market dynamics and organizational goals.

Actionable Tip: When everything is changing, static KPIs are counterproductive. They must

be flexible to stay relevant in a dynamic environment. Start with a simple and limited set and evolve them over time.

4. Only Results Will Lead to an Innovation Culture

Stakeholder alignment remains one of the most significant hurdles. Innovative projects inherently require cross-functional collaboration, which means breaking down silos. From business units to support functions, everyone must be on the same page regarding their roles, expectations, and contributions. Alignment isn't optional: We can't afford silos or lukewarm buy-ins. Senior management must actively sponsor and engage in the process.

However, cultural alignment—“acculturation”—is the biggest challenge of all. Innovation must permeate through every level of the organization, including senior management, for true alignment. In 2025, acculturation is being prioritized by 32% of innovation teams, as stakeholder misalignment continues to be a leading cause of project failure.

But let's be clear: If your innovations don't deliver an impact that customers will love and pay for, there's no foundation on which to build a culture. A strong culture thrives on real success, not just ideas.

Actionable Tip: Deliver real business impact through innovation, and culture will follow.

5. Playing it Safe isn't Safe Anymore

Idea generation is no longer the biggest hurdle—it's prioritization. Teams are overloaded with initiatives and are now focusing on fewer, more impactful projects. This approach is being driven by increased competition and disruptive changes.

A focus on “bold bets” is necessary. Companies must be prepared to take bigger risks on fewer projects, ensuring those bets are executed with excellence. Why? Because incremental progress won't protect against industry disruptors. It's about being proactive, identifying opportunities, and investing where it matters most—much like a VC would.

However, it's crucial to not only take risks but to ensure those risks are informed by data and foresight. Understanding where the market is headed, anticipating changes, and identifying emerging trends can help reduce uncertainty. By leveraging foresight, companies can make smarter decisions about which initiatives to prioritize and where to place their bold bets.

Actionable Tip: Implement continuous foresight to reduce the risk of being wrong about bold bets.

6. Mapping and Coordinating AI Initiatives

AI is the word on everyone's lips, yet its implementation often lacks cohesion. Many organizations struggle to centralize and coordinate their AI initiatives, leading to a duplication of efforts and wasted resources. Innovation departments must work closely with IT teams to integrate AI into their broader innovation and business strategy.

It's time to bring order through strategic integration. In 2025, we expect innovation teams to play a pivotal role in coordinating AI projects across their organizations, ensuring these initiatives contribute directly to operational efficiency and strategic advantage.

Actionable Tip: Build and orchestrate a joint AI-innovation portfolio to align those projects across the organization, establish clear ownership and KPIs, and ensure they contribute effectively to the company's innovation goals.

7. Leveraging AI in Innovation Processes

AI is not only a tool for operational efficiency but is also becoming a critical asset in the innovation process itself. We have seen a growing number of experiments comparing human versus AI in idea generation. And yes, it's already happening: AI has begun to slightly outperform human creativity, both in generating novel ideas and assessing their business applicability (if you're interested, let me know; we have the data).

AI is also increasingly used for trend and technology scouting. Soon, tailored AI models will also evaluate the potential impact of emerging trends and technologies on organizations, aligning insights with corporate strategy.

The benefits are immense, but as AI becomes a driver of innovation, organizations must be mindful of the unintended consequences and work towards ensuring that AI remains aligned with ethical and strategic principles. It is similar to the “paperclip maximizer”

thought experiment by Nick Bostrom: Without proper safeguards, AI systems optimized for innovation outcomes could end up misaligned with broader corporate or societal goals.

Actionable Tip: Set clear guidelines—including ethical considerations—for using AI in innovation processes to avoid unintended, misaligned objectives and outcomes.

Now It's Your Turn

2025 is set to be a defining year for corporate innovation. The focus is on accountability, impact, and alignment. Innovation departments must prove their value by driving tangible business results while also bringing structure to how innovation is managed across the organization.

To succeed, innovation leaders must build a system that generates predictable and scalable outcomes, invest in acculturating senior leadership and broader teams, and take calculated risks on big opportunities. Now is the time for meaningful, measurable impact.

The Why, What, and How of an Innovation Management System (IMS)



Dennis Böcker

Certified Innovation Management Consultant and former Bosch Global IoT Innovation Lead



In today's fast-paced and technology-driven landscape, innovation has become far more than a competitive advantage; it's an essential ingredient for survival and growth. Organizations that continue to rely on spontaneous, isolated bursts of creativity run the risk of falling behind in a market where agility, structure, and foresight are essential. Innovation is too important to be left to chance, and the myth that it happens without intention and strategy is outdated, costly, and ultimately unsustainable.

This is also reflected in a recent report from *BCG (Boston Consulting Group)*, where 83% of companies deem innovation as a top 3 priority, while only 3% evaluate themselves as “Innovation Ready.” 70% of the companies have identified the update of their innovation operating model as the most important activity to improve this situation—and that’s where an Innovation Management System (IMS) becomes a game changer, as it offers a structured and holistic approach to innovation.

An IMS is a disciplined framework for managing, driving, and embedding innovation within every layer of an organization. This isn’t just about processes; it’s about aligning innovation efforts with broader strategic goals, creating a culture where creativity thrives within an organized structure. When implemented well, the IMS allows companies to build an environment where innovation is consistent and scalable. It integrates with existing operational systems, such as quality and risk management, ensuring that innovation becomes a seamless part of the organizational fabric, not an isolated effort.

Why Innovation Needs Structure and Strategic Intent

Innovation is no longer a “creative luxury” or a side project in R&D—it’s a core component of successful business strategy. In an era of rapid technological advancements and shifting consumer demands, innovation requires the same level of planning, structure, and oversight as any other key business function. ISO 56001 provides a comprehensive framework that enables organizations to create an IMS that is systematic, repeatable, and effective.

This structured approach to innovation isn’t about stifling creativity but harnessing it more effectively. By implementing an IMS,

organizations can maximize the impact of their innovation activities, ensuring they contribute to strategic objectives, manage risks, and use resources efficiently. It’s a proactive rather than reactive approach to innovation, allowing companies to keep pace with industry shifts and shape them.

Key Benefits of an Innovation Management System:

1. **Enhanced strategic alignment:** An IMS turns innovation into a strategic endeavor. By aligning innovation activities with organizational goals, every project, idea, and initiative becomes a stepping stone toward achieving long-term objectives.
2. **Optimized resource allocation:** A structured system allows organizations to prioritize resources effectively, ensuring that time, talent, and capital are directed toward the most promising projects. This optimization improves return on investment and prevents resource drain on less impactful efforts.
3. **Risk mitigation:** Innovation inherently involves risk, but an IMS provides a framework for identifying, assessing, and managing risks early in the process. This proactive approach allows companies to navigate potential pitfalls, reducing the likelihood of costly setbacks.
4. **Accelerated time-to-market:** Streamlined processes reduce the friction from ideation to launch, enabling organizations to bring innovations to market faster. This speed advantage can make a critical difference in a competitive landscape, especially as markets evolve rapidly.
5. **Cultural transformation:** An IMS fosters a culture of continuous improvement and innovation, empowering employees at all levels to contribute their ideas and engage in the innovation process. This shift in mindset creates an environment where new ideas are valued, explored, and refined.

6. **Enhanced collaboration:** Innovation rarely happens in isolation; it requires cross-functional collaboration. An IMS enables departments to collaborate seamlessly, leveraging diverse perspectives to create more comprehensive solutions.

The Core Principles of Innovation Management

To build an effective IMS, innovation professionals must understand the principles that guide successful innovation management. These principles, as laid out in ISO 56001, provide the foundation for a structured, intentional approach to innovation that is aligned with the organization's broader vision:

1. **Value realization:** Innovation should create tangible benefits, whether through improved products, services, or processes. This principle emphasizes that all innovation efforts must result in measurable value to meet market demands and enhance organizational performance.
2. **Future-focused leadership:** Leaders play a critical role in fostering a forward-thinking mindset. They set the vision for innovation, inspire teams to embrace change and anticipate trends, positioning the organization as a proactive, rather than reactive, player.
3. **Strategic direction:** Innovation efforts should be tightly aligned with the organization's long-term objectives, ensuring that every initiative supports sustained competitive advantage and business growth.
4. **Supportive culture:** A culture that values innovation, encourages experimentation, and treats failure as a learning opportunity. This environment fosters creativity, empowering employees to contribute and collaborate openly.
5. **Insight utilization:** Successful innovation is rooted in data and insights. Organizations must leverage market trends, customer feedback, and technological advancements to make informed decisions that increase the relevance and impact of their innovations.
6. **Risk management:** Innovation comes with inherent risks, but a well-structured IMS provides strategies to manage them. By addressing uncertainties, organizations can confidently navigate challenges and capitalize on new opportunities.
7. **Adaptability:** The ability to respond quickly to change is essential for sustaining innovation. An IMS encourages flexibility, allowing organizations to adjust processes and strategies as needed to stay resilient and relevant.
8. **Systems thinking:** Innovation should be seen as a holistic, interconnected process. A systems approach ensures that all departments and functions work together, creating efficiencies and maximizing collective efforts.

These principles establish a solid foundation for an IMS that can evolve with the organization, driving short-term results and long-term success.

ISO 56001: The Gold Standard for Systematic Innovation

ISO 56001 sets the global standard for building an IMS, offering a structured framework that guides organizations in transforming innovative ideas into real-world impact. This standard is designed to create optimal conditions for innovation, removing common barriers and providing a clear roadmap that applies across all business functions, from R&D to production, marketing, and sales.

ISO 56001 makes innovation a continuous, repeatable process, empowering employees

across all levels to contribute. The standard encourages organizations to build systems where innovation is embedded as a core business process, fostering a sustainable innovation ecosystem that supports growth and resilience.

The Key Dimensions of an Innovation Management System

An IMS, as defined in the ISO 56000 series, revolves around seven essential dimensions. These dimensions are framed by the innovation intent, defining the scope of the IMS and prioritizing value creation as its ultimate goal. Each of these dimensions plays a crucial role in ensuring that innovation is aligned, effective, and integrated across the organization:

1. **Context of the organization:** This involves analyzing internal and external factors impacting innovation, such as market trends, customer needs, and competitive pressures. By aligning innovation efforts with these factors, the IMS ensures that activities are strategically relevant.
2. **Leadership:** Leaders are responsible for setting the vision for innovation and fostering an environment where collaboration and experimentation thrive. Their support is essential for creating a culture that values and sustains innovation.
3. **Planning:** Effective planning ensures that innovation initiatives are aligned with organizational goals. This includes setting clear objectives, defining resources, and establishing timelines to guide the innovation journey.
4. **Operation:** This dimension focuses on the practical implementation of innovation projects, from idea generation to commercialization. It includes managing the innovation lifecycle to ensure processes are efficient and effective.
5. **Support structures:** Innovation requires resources—training, technology, infrastructure, and a supportive culture. This component of the IMS ensures that employees have the tools and support needed to bring ideas to life.
6. **Performance assessment:** Regular evaluation is critical for tracking progress, identifying improvement areas, and refining innovation strategies. By measuring performance, organizations can make data-driven adjustments to optimize their IMS.
7. **Continuous improvement:** An effective IMS isn't static. It incorporates feedback, lessons learned, and new insights to create a continuous improvement cycle, ensuring the system remains dynamic and relevant.

Implementing an Innovation Management System

Implementing an IMS is a strategic process that starts with assessing current innovation capabilities. A step-by-step approach for effectively establishing an IMS could look like this:

1. **Assess current performance:** Evaluate existing innovation processes, culture, and outcomes. This initial assessment provides a baseline against which to measure as the IMS is developed.
2. **Conduct a gap analysis:** Identify gaps between current practices and ISO 56001 standards to inform a tailored action plan. This analysis reveals areas for improvement and helps prioritize efforts.
3. **Develop an action plan:** Based on the gap analysis, create a detailed action plan with clear steps, resources, and timelines. This plan will serve as a roadmap for building or enhancing the IMS. This plan should include short-term, mid-term, and long-term measures and be prioritized along identified bottlenecks.

4. **Engage stakeholders:** Engage leadership, employees, and external partners to secure buy-in and support for the IMS implementation. Stakeholder engagement is critical for successfully integrating innovation management elements into the organization and fostering a culture of innovation.
5. **Build capacity:** Provide training programs to equip employees with the skills and knowledge needed to support the IMS. Capacity building is essential for creating a sustainable system.
6. **Monitor and evaluate:** Continuously monitor the system's effectiveness and make adjustments as necessary to promote continuous improvement with the intent to increase the efficiency and outcomes of the IMS.

Achieving Continuous Improvement Through an IMS

A successful IMS is rooted in a commitment to continuous improvement. This requires regular evaluation and adaptation to keep the system responsive and effective, always keeping the increase of efficiency and outcome of the innovation efforts as the main reason for all activities. Key components of continuous improvement include:

- **Performance metrics:** Establish measurable metrics, such as time-to-market, ROI, and customer satisfaction, to assess innovation outcomes. These metrics help organizations track success and identify areas for improvement.
- **Feedback mechanisms:** Create feedback loops with stakeholders to refine the IMS based on real-world insights. This feedback informs adjustments and enhances the system's overall performance.
- **Learning culture:** Foster a culture where failures are seen as learning opportunities, fueling the refinement of innovation processes and fostering resilience.

- **Agility:** Build flexibility into the IMS to adapt quickly to technological shifts, competitive dynamics, and market trends. Agility is key to maintaining relevance in a rapidly evolving environment.
- **Knowledge management:** Implement systems for capturing and sharing knowledge gained from innovation activities. Knowledge management ensures that insights are accessible, enabling teams to build on past successes.

Conclusion: The IMS as a Strategic Imperative

Innovation management is no longer optional—it's a core driver of modern business success. ISO 56001 provides the framework for transforming innovation into a systematic, strategic asset that keeps pace with industry shifts and actively shapes the future.

For innovation professionals, an IMS represents a commitment to creating, capturing, and sustaining value through structured, intentional processes. Organizations ready to take this step should start by evaluating current capabilities, identifying improvement areas, and developing a plan aligned with ISO 56001 principles. By fostering a culture of collaboration, engaging stakeholders, and committing to continuous learning, organizations can ensure their innovation efforts lead to sustained competitive advantage.

The journey toward structured innovation begins with an honest assessment of where you are today and a clear plan for where you want to go. With an IMS, innovation becomes more than a goal—it's a continuously evolving path to strategic success.

▶ The Case for ISO in Innovation



Dan Toma, Sara Husk, Doug Williams & Magnus Karlsson

Co-Founder at OUTCOME | Principal Consultant at HYPE Innovation | Associate Director, Innovation at SmartOrg, Inc | Partner & Advisor at Amplify AB



At the forefront of a new era in corporate innovation, a robust management framework can make the difference between progress and stagnation. *The International Organization for Standardization (ISO)* has long been synonymous with quality, efficiency, and trust across industries. In 2024, with the introduction of ISO 56001—a certifiable standard for innovation management—leaders face a pivotal question: to ISO or not to ISO?

A panel of distinguished voices in the field of innovation, including Magnus Karlsson, Sara Husk, Doug Williams, Dan Toma, and Steven Parkins, offer their diverse perspectives on the potential benefits and challenges of adopting these standards. From passionate advocacy to critical skepticism, they provide a nuanced view of what ISO can mean for innovation professionals worldwide.

What is ISO 56001, and Why Does It Matter?

“ISO standards are about creating the best possible conditions for innovation to flourish—not about putting innovation in a straitjacket,” explains Magnus. He emphasizes that the standards aim to codify proven practices, offering organizations a systematic framework to build innovation capabilities.

ISO 56001 results from years of collaboration among practitioners, consultants, and academics. Sara adds, “These people have battle scars from real-world innovation challenges. The standard aims to make the journey smoother for others.”

By aligning top management with strategic objectives, ISO standards provide a common language and a structured approach,”

Magnus adds. Yet he acknowledges the critical limitation that no standard can guarantee success. “It’s about increasing the likelihood of success, not eliminating risk entirely.”

What Problems Does the Standard Aim to Solve?

Doug and Dan raise concerns about ISO certification becoming more of a box-checking exercise than a driver of real innovation outcomes. Doug argues that the corporate innovator’s typical short tenure—averaging just 2–3 years—can make it difficult to implement lasting change. “My concern is that it might end up being more about checking boxes than driving real outcomes. Guidelines are more flexible, but requirements can risk misalignment with innovation goals,” he says. Dan echoes this sentiment, noting that certification can create the illusion of competence. “Some of the most innovative companies I’ve worked with don’t even consider standards, yet they outperform those that do,” he says.

However, Steven counters these criticisms, suggesting that it could work out well for smaller ventures new to innovation. “ISO

helps raise the baseline of innovation maturity for many organizations. For immature companies, the structure it provides can be invaluable.” Despite this, he notes that certification could be misused as a convenient milestone for innovation leaders to showcase progress without necessarily driving lasting impact. He also acknowledges that certification alone doesn’t guarantee sustained innovation impact.

Magnus addresses these concerns by comparing certification to a driver’s license: “It shows you know the basics, but it doesn’t make you a great driver. Organizations must keep practicing and improving.” He adds that the true value of ISO 56001 lies in using it as a diagnostic tool to uncover pain points and foster discussions with senior management. “It’s about legitimacy,” he says. “It provides a commonly agreed framework, not just the opinion of a consultant or professor.”

So, will adopting ISO standards lead to better outcomes? While empirical data on innovation-specific standards is still forthcoming, parallels with quality and environmental standards suggest potential value. “In other domains, standards have elevated performance by creating accountability and a shared foundation,” notes Sara.

For Sara, the standards represent a leap toward professionalizing the discipline. “Innovation often feels fragmented. The standards consolidate decades of best practices, reducing the learning curve for organizations and individuals alike,” she asserts.

Sara highlights the flexibility within the framework. “Whether managing ten projects or 100, ISO adapts to your context. It guides how to allocate resources, define

strategy, and measure value.” She sees this as a critical step in turning innovation from an experimental endeavor into a core competency.

How Does the Standard Address Diverse Innovation Needs?

Dan highlights that one challenge to standardized innovation management is that innovation practices vary based on each company’s goals and whether they are focused on core improvements or transformational changes. “Each innovation type requires different management approaches. My concern is whether the standard accounts for this diversity,” he says.

Sara notes that the standards align with value first and what top leadership defines as value for the organization. “It can avoid ‘innovation theater’ by focusing on meaningful outcomes,” she says.

How are Cultural Differences Addressed?

One of the most debated topics is the adaptability of standards across different cultural and organizational contexts. “A system that works in Norway may not fit in Southeast Asia,” Dan points out. “Cultural norms shape how organizations innovate, and a one-size-fits-all approach won’t work.”

Magnus explains that the ISO addresses these concerns, emphasizing adjusting components to fit your organizational and cultural situation. “It doesn’t prescribe a one-size-fits-all approach,” he clarifies, but he agrees that this variability requires sensitive implementation. “The standards emphasize intent. Each organization must decide its innovation priorities and adapt the framework accordingly. It’s not about imposing uniformity but enabling tailored solutions.”

Can Certification Bodies Handle Innovation's Unique Challenges?

Another significant challenge lies in ensuring that certification bodies can effectively assess an innovation management system's nuances. Magnus warns that if auditors approach ISO 56001 with a "quality mindset" rather than one tailored to innovation, they could inadvertently undermine existing systems. "Innovation is about managing uncertainty—navigating, discovering, and exploring. Certification efforts could go wrong unless auditors are sensitive to these particularities," he says.

Magnus advocates for early investment in training lead auditors and establishing specialized certification bodies. "There's no market for this yet, but we need to prepare auditors to look for the right signals that reflect innovation's exploratory and uncertain nature."

How Does ISO 56001 Benefit Organizations and Society?

The panel grapples with the fundamental question: Who will gain from ISO certification? For some, the primary audience is internal leadership and employees seeking clarity and alignment. For others, it's external stakeholders, partners, and markets requiring proof of structured innovation management.

Despite the challenges, proponents argue that ISO 56001 has the potential to benefit organizations and society at large but that a shared foundation is needed. "We've not been good at professionalizing this discipline,"

Magnus says. "Project management has established foundations and shared knowledge. Innovation management has lacked this consistency. ISO 56001 creates a common language and framework to unify the field." Magnus sees the broader purpose. "ISO lays the foundation for professionalizing the field of innovation management. It's about creating a shared body of knowledge that future generations can build upon."

Sara underscores the broader societal benefits. "Systematic approaches and continuous improvement don't just benefit individual organizations—they push the entire innovation ecosystem forward. It's a way for great thinking to evolve." For individuals, the standard offers legitimacy and tools to navigate leadership challenges. Magnus adds, "It gives innovation professionals the ability to address pain points with credibility, backed by an agreed-upon document rather than personal opinion."

To ISO, or Not to ISO, That Is the Question

Whether you approach ISO standards with love, skepticism, or a mix of both, their arrival to the field of innovation marks a significant moment for innovation professionals. As the discipline evolves, ISO 56001 may become a key tool for fostering structured, impactful innovation across industries.

The experts agree on one point: the actual test of these standards will lie in their ability to drive meaningful change. Sara concludes, "The standards are a framework—not a destination. It's up to us to make them work."

▶ Crafting a Focused Growth Strategy



Jacob Dutton
Co-Founder & CEO at Future Foundry



Innovation is a learned skill, not an innate talent. With the right people, processes, and platforms, organizations can innovate with speed, focus, and certainty.

At *Future Foundry*, Jacob leads the charge with a systematic approach called “The Velocity™ Method,” designed to help companies master growth strategies. Jacob has partnered with major organizations like *Hilton*, *HSBC*, and *Walgreens* to accelerate their innovation efforts.

The Growth Strategy Challenge

Reactionary decision-making is a common pitfall in corporate innovation. “You can’t build a growth strategy around the trend of the moment,” Jacob warns. Too often, organizations chase buzzwords and trending topics like the metaverse or NFTs without aligning them to their corporate goals, capabilities, or market needs. This scattergun approach that Jacob likens to “a drunk gambler in a casino” results in wasted resources and low returns. “The latest thing you saw on LinkedIn shouldn’t be what to point your resources to,” he cautions.

Instead, he emphasizes the importance of informed decision-making. “If you’re putting garbage in at the top of your innovation process, the only thing you’ll get out the other end is garbage.” Jacob highlights that as corporate innovators, “We have to place our bets in the most appropriate places, and that means using informed insight, conducting really rigorous market research, diligent risk profiling, to identify which growth territory should we invest in and innovate within.”

A good growth strategy includes three core components:

1. **Identify growth territories:** This involves recognizing untapped opportunities through market research and trend analysis.
2. **Allocate resources efficiently:** A systematic approach to prioritize goals and optimize human, financial, and political resources towards growth opportunities.
3. **Enable adaption and evolution:** Incorporate flexibility to refine strategies based on evolving marketing conditions and adopt lean processes to continuously test, revise, and revisit implementation.

With the pace of change accelerating, the good thing is that one can build such a growth strategy through condensing months of strategic thinking into a one-week sprint.

The Growth Strategy Sprint

The Growth Strategy Sprint allows organizations to quickly map out growth territories and devise a focused action plan. This five-day process identifies, validates, and prioritizes growth opportunities. Stakeholders are involved and engaged throughout the process to ensure buy-in and clarity. “By Friday, no one should be surprised by the strategy,” Jacob advises.

Here's how it unfolds:

Day 1: Mapping the Current State

Teams start by mapping their existing business model using frameworks like the Business Model Canvas. This exercise clarifies how value is created, delivered, and captured, setting a solid foundation from which to start exploring growth territories.

Day 2: Identifying Trends and Forces

Individuals from across the organization, including representatives from sales, customer service, marketing, R&D, finance, and HR, are interviewed and asked to contribute their specific insights. Through these stakeholder interviews and market analysis, teams assess external and internal forces impacting their business. These include shifts in customer behavior, emerging technologies, regulatory changes, and macroeconomic trends.

Day 3: Exploring Growth Territories

Using insights from Day 2, teams brainstorm potential growth territories. Jacob stresses that these territories are not solutions but problem spaces. "A great growth territory highlights unmet customer needs or untapped market opportunities," he explains.

Day 4: Prioritizing Opportunities

Opportunities are scored against criteria like strategic fit, scalability, market readiness, and ROI potential. This step ensures resources can be allocated to the most promising areas.

Day 5: Delivering the Growth Map

The final output is a visualization of the outcomes, which Jacob calls a "growth map." This living document outlines short-, medium-, and long-term growth priorities,

and is backed by a clear investment and resource plan. Jacob encourages organizations to revisit their growth maps at least once a year and ideally more frequently to adapt as things change.

Sprint Preparation

Proper preparation for a sprint is critical to success. This involves selecting the right participants and ensuring they are well-prepared ahead of time. Jacob explains that the immediate sprint team typically includes innovation, strategy, or proposition teams, who will be responsible for mapping the business model and leading discussions during the week.

Additionally, diverse stakeholders from across the organization should be identified to contribute specific insights. Participants are briefed beforehand about the process, the timeline, and their role in the sprint. Key questions they will be asked during interviews are shared in advance, ensuring they can prepare data and evidence to support their contributions. This preparation removes assumptions from the process and ensures discussions are grounded in factual insights. "Scheduling these interviews and securing buy-in ahead of time is crucial," explains Jacob, highlighting the importance of preparation to avoid delays once the sprint begins.

The Interview Process

Conducting interviews is a critical component of Day 2 of the growth strategy sprint. These 30-minute interviews provide valuable insights into customer needs, market forces, internal capabilities, and broader economic trends. Participants bring valuable knowledge and perspectives, ensuring a holistic view of the business. As Jacob explains, "Sales are very, very close to the value proposition, customer service hears a lot of feedback,

pains, problems from customers, and finance will have a good point of view on macroeconomic trends.”

The core sprint team conducts interviews with approximately 15 stakeholders per sprint. These interviews focus on their specific roles, customer interactions, and their department’s capabilities in serving clients. In addition, interviewees will be asked questions about the Business Model developed on Day 1, ensuring a range of perspectives and a comprehensive evaluation of the model from all angles.

Scorecard and Next Steps

A vital tool of Day 4 of the growth strategy sprint is the scorecard, which systematically evaluates and prioritizes growth territories. Teams score ideas against seven criteria—exploration time, market readiness, ROI payback period, dependencies, strategic fit, scalability, and competitive advantage—to determine whether a growth opportunity should be pursued in the short (1 year), medium (3 years), or long term (5 years). Each criterion is scored on a scale, and the aggregate score helps categorize opportunities into related horizons. For example, a high score in areas like market readiness and strategic fit would suggest a one-year horizon, signaling the territory is ready for immediate exploration.

Once the sprint concludes, innovation teams are ready to transition to executing the roadmap. This involves taking short-term opportunities through a funnel process to validate specific propositions.

Prioritization and Involvement of Key Decision Makers

Effective prioritization is critical to implementing a growth strategy. As Jacob emphasizes, “Prioritization tends to happen with sponsors and senior managers” as they control the allocation of budgets and resources. Their involvement ensures alignment with organizational goals and strategic objectives, a collaborative approach that leads to the final growth strategy being actionable and supported at all levels of the organization.

Jacob’s approach offers a pragmatic path forward for organizations grappling with scarce resources and heightened economic pressures. A focused growth strategy aligns innovation with corporate objectives, minimizes waste, and empowers teams to act with clarity and confidence. As Jacob puts it, “A well-crafted strategy turns chaos into clarity, ensuring that your bets on innovation pay off.”

▶ Innovating Smarter, Not Harder



Frank Mattes & Dennis Böcker

Founder and CEO at Lean Scaleup | Certified Innovation Management Consultant, former Bosch Global IoT Innovation Lead



Companies face increasing pressure to deliver more innovation with fewer resources. Whether leveraging sustainability or incorporating AI, the challenge remains the same—how can we do more with less?

Frank Mattes and Dennis Böcker unpack the complexities and share strategies for tackling this dilemma.

Doing More with Less

“The real challenge today is doing more with less. Getting more output, consistency, and value ideas, all while operating on smaller budgets and fewer resources,” says Frank.

Many large organizations share this sentiment. Today’s innovation leaders are constantly asked to provide more impact and build adjacent opportunities while simultaneously being constrained by limited resources. The pressing question becomes: How do you balance the need for greater innovation without the means to fuel it?

Frank emphasizes the importance of having a strategic outlook and the ability to see the big picture while balancing immediate needs. He notes, “it’s not just about creating more; it’s about doing better with what we have. Now we must deal with AI, sustainability, and the transition from traditional approaches to smarter systems that deliver results more effectively.”

Dennis agrees that innovators are under more pressure than ever to support the core business. “How can we actually assess our current system? How can we find quick fixes? How can we go forward and go to the next level based on what we have?,” he says.

Frank explains that innovators typically find themselves in one of four situations:

1. **More with more:** The dream scenario where you have ample budget and resources to create a significant impact.
2. **More with less:** The reality for many where you must achieve more significant outcomes despite constrained resources.
3. **Less with more:** A comfortable position, but not one where innovation thrives.

4. **Less with less:** Innovation hibernation, where resources and ambition are cut back.

Most innovators likely find themselves in the ‘More with Less’ quadrant. Frank notes, “doing more with less is like those Indian gods with six arms. You’re juggling everything with fewer resources and less budget. But it’s also an opportunity for innovation functions to streamline and improve.”

Doing Better, Not Just More

A key theme is a focus on quality over quantity. Doing more doesn’t necessarily equate to success. In fact, the opposite can be true. Dennis clarifies that it’s not about more for the sake of more. Instead, the focus should be on “doing better with less.” He stresses that whether using AI to enhance innovation or optimizing innovation management systems, the ultimate goal should be improving the output quality.

Addressing the Gaps in Innovation Management

Dennis and Frank acknowledge the need to upgrade current innovation management systems while balancing disruptive external forces like sustainability and AI. “We need to upgrade our systems not just to meet the needs of today but to anticipate and respond to the challenges of tomorrow,” Dennis says.

Many companies struggle because their innovation management systems are outdated or fragmented. “These systems have grown in silos across different departments, and often they don’t work together as efficiently as they could,” Dennis explains.

To succeed, we need to align all the moving parts of innovation systems. This involves reassessing the core elements, such as vision and strategy, and ensuring top management

is aligned with the innovation function. Dennis outlines a series of crucial questions companies should be asking:

- Is there a clear innovation strategy?
- Are innovation efforts transparent across the organization?
- Is the organizational structure set up to support both incremental and disruptive innovation?

A Smart Approach to Upgrading Systems

Frank notes the value of focusing efforts strategically. “The smart way to upgrade the innovation management system, in our view, is to use the theory of constraints.” According to this theory, the biggest impediment must be improved to create short-term success.

By addressing the immediate bottleneck, innovators can demonstrate success in the short term. “We don’t have time for long, drawn-out programs. We need quick wins while also working on long-term upgrades.”

Addressing these issues doesn’t require a complete overhaul but rather a smart, targeted approach. Dennis and Frank advocate for incremental improvements by working on a solvable problem, determining the following constraints that need attention, and then iterating and repeating the process.

“It’s not the time to go back to the drawing board,” Frank emphasizes. “It’s about upgrading our systems in a smart, effective, and efficient way.”

▶ Navigating Innovation: How Top Companies Structure Their Innovation Efforts



Ryan Leveille & Drew Heidel

Executive AVP of Innovation at Amtrak | Global Account & Strategy Leader for Sazerac and former P&G Ventures Disruptive Innovation & Design Director



Leading companies know that success hinges on more than just good ideas. How those ideas are structured, nurtured, and brought to life is essential.

Ryan Leveille and Drew Heidel share what it takes to build, scale, and sustain innovation within large organizations.

Building Innovation Teams: A Tailored Approach

For Ryan, who has spent over 15 years leading innovation at *GE*, *Coca-Cola*, and *Amtrak*, the

key to success lies in adapting the innovation structure to the company’s maturity. “You have to meet companies where they are,” he explains. At Amtrak, starting with operational improvements rather than product innovation was the right fit for their needs at the time.

Drew, who spent 18 years at *Procter & Gamble* leading disruptive

innovation initiatives like Tide Pods, emphasizes the importance of self-disruption. “It takes a lot of courage and planning to disrupt yourself,” he notes. Companies must be flexible and choose the suitable innovation model for the right moment. For example, Drew oversaw the development of a new brand focused on menopause through external founders, which, despite initial optimism, didn’t pan out as expected. This led to a critical lesson: “What we thought would help accelerate growth ended up diluting key insights.”

Choosing between distributed, centralized, or hybrid models depends on organizational needs and culture. In the case of Tide Pods, the success of the distributed model can be attributed to meticulous planning and courage in self-disruption. However, centralized models, like *P&G Ventures*, allow for broader explorations, such as entering new categories like insect control with Zevo.

“Understanding your company’s core capabilities and where new ones are needed is critical,” Drew emphasizes. Ryan adds that hybrid models often yield the best results, noting *Coca-Cola’s* shift from decentralized innovation to a focus on adjacent and transformational products.

The Importance of Executive Buy-In and Patience

One of the recurring challenges in corporate innovation is maintaining executive patience. Large-scale innovations can take years to come to fruition. Drew shares how Tide Pods took four years from inception to commercialization, a timeline that requires significant executive buy-in.

The secret to keeping leadership engaged is clear communication about what’s unknown. “You have to stage investments ahead of learning,” he explains. By being

transparent with leadership about risks and progress, executives are more likely to remain committed, even when the timeline stretches.

At *Amtrak*, the innovation team’s ability to secure buy-in from senior leadership was essential. The innovation group reported to the executive leadership team (ELT) quarterly, focusing on presenting evidence of progress and new opportunities. “It’s all about showing the value we bring and aligning with the company’s broader strategy,” Ryan explains. For him, it’s not just about insulating the innovation team from leadership changes but ensuring they are deeply integrated with other functions like HR and operations.

Drew suggests aligning investment stages with learning milestones to avoid premature decisions. “Be transparent about the unknowns and prioritize learning before committing resources,” he advises. Ryan emphasizes clear communication about what innovation can realistically achieve and benchmarking success against industry peers to build confidence.

Governance starts with robust executive engagement. At *Amtrak*, Ryan’s team reports quarterly to the executive leadership team and works with a cross-functional advisory committee to align innovation efforts with organizational priorities. “Integrating innovation with core operations and HR ensures it’s not seen as an isolated initiative but a key part of the business,” he explains. Drew, reflecting on P&G, emphasizes the value of external advisory boards to provide fresh perspectives and challenge internal assumptions.

Failure as a Learning Tool

Innovation, by its very nature, involves risk, which sometimes leads to failure. All innovators have likely encountered missteps, which can be a humbling experience. Drew

recalls his time at *P&G Ventures*, where an initiative to outsource a new brand's development to external founders failed because of a loss of critical insights. "We didn't have a common language, and crucial information got lost in translation," he says. As a result, they pivoted to an internal model, learning a valuable lesson about the importance of consistent communication and alignment. "Maintain control over critical insights and align on common language with external partners," Drew advises.

It can also be challenging to experiment with new technologies. "One of the biggest struggles we face is the time it takes to test and pilot new ideas," Drew says. Amtrak's complex stakeholder ecosystem and the safety requirements of the rail industry make innovation a slow-moving process. This struggle with scaling pilot programs underscores the need for flexibility and persistence in testing new approaches. Despite these challenges, Ryan sees opportunities for improvement, such as exploring external innovation labs, as Lufthansa did with their foresight and signals intelligence platform.

Creating a Culture of Innovation

The company environment must support innovation to be successful. "You have to create a culture change," says Ryan. This involves democratizing innovation efforts, ensuring employees at all levels feel empowered to contribute ideas and are given the time and space to experiment. At Amtrak, this has meant partnering closely with unionized workers on the operations side, helping them see innovation as part of their daily work.

Companies must align innovation efforts with their core capabilities and market shifts. "Understanding what your company's differentiating capabilities are is crucial," Drew says. Tying innovation strategies to inevitable external trends—like sustainability or demographic shifts—helps insulate them from leadership turnover. "If your innovation answers the big questions your leaders will face regardless of who they are, it becomes indispensable," Drew states. Embedding innovation within core business functions makes it harder to dismantle during leadership transitions.

Innovation Within Reach: Balancing Growth and Cost Discipline in Times of Uncertainty



Ned Calder, Freddy Solis, Anna Veatch & Rob Bell

Strategy and Growth Advisor at Innosight | Senior Director at Innosight | Partner at Innosight | Partner at Innosight



As economic cycles shift and industries face downturns, businesses often react in predictable ways by cutting costs, slashing budgets, and reducing investment in innovation. This instinctive response, while understandable, can have unintended consequences—stalling growth, losing momentum on key projects, and pushing valuable employees to seek opportunities elsewhere. But what if companies didn't have to choose between innovation and fiscal discipline? What if growth could coexist with cost efficiency?

Focusing on innovation during economic downturns can be a significant competitive advantage, especially when other players take cover. Companies like *Meta*, for example, simultaneously reduced headcount and achieved revenue growth, attributing success to efficiencies and strategic investments like AI. This balanced approach sustained *Meta*'s growth but also led to a 14% increase in stock price.

To truly integrate innovation into an organization's DNA during uncertain times, four essential enablers make innovation achievable, even when the road ahead is rocky.

1. Fill the Portfolio with “Future-Now” Opportunities

Focusing on future growth often means balancing short-term gains with long-term potential. Companies should identify and prioritize opportunities offering commercial relevance in the next one to three years while aligning with long-term industry shifts. Such “future-now” opportunities allow businesses to maintain momentum and relevance even as economic tides change.

For instance, *Michelin*'s exploration of non-pneumatic, or airless, tires exemplifies a future-now opportunity. While the current technology doesn't yet meet the demands of mainstream passenger vehicles, it shows promise in applications such as construction vehicles and lawn equipment, where performance and cost are more aligned. By investing in this foothold, *Michelin* can tap into near-term revenue streams while positioning itself as an industry leader in next-generation tire technology.

2. Accelerate Product Development Speed and Impact

In times of crisis, speed is often sacrificed in favor of caution. Yet, bureaucracy and unnecessary complexity can frequently bog down product development processes. The authors recommend streamlining these processes to foster agility, reduce time-to-market, and maximize value.

Four levers can improve development speed and impact:

1. **Customer insights:** Understanding a customer's “job to be done” is essential. For example, a chemical company deepened its insight into customer needs, which went beyond product performance to address operational challenges like inventory management.
2. **Behavioral change:** Companies known for agility often foster cultures that encourage open communication and rapid iteration. Changing behaviors that impede this progress can enhance product development. A case in point is an engineering firm that implemented new meeting norms after identifying unproductive leadership behaviors to foster constructive discussions.
3. **Flexible processes:** Many established companies adhere to rigid, multi-step development processes. Instead, they should consider leaner, more adaptable processes tailored to specific projects' demands.
4. **AI integration:** AI transforms product development, helping teams explore design options, simulate testing, and analyze data at unprecedented speeds. *NVIDIA*, for example, leverages AI to optimize its chip designs, accelerating innovation in a highly competitive market.

Through these approaches, companies can keep product development nimble and responsive.

3. Maximize Market Potential Through Strategic Development

A promising portfolio is not enough—companies must ensure these opportunities reach their market potential. Often, companies limit their view of a product’s potential by assessing it solely through the lens of today’s market conditions. The authors advise businesses to look beyond the total addressable market (TAM) and consider additional factors like customer education and brand positioning to drive adoption.

Take *Caterpillar*, which developed an autonomous heavy equipment solution called *MineStar Command*. By collaborating closely with customers, *Caterpillar* tailored its technology to meet specific industry needs and ensured compatibility with different brands. This deliberate approach facilitated adoption and allowed *Caterpillar* to capture a broader market share.

Similarly, a downstream oil and gas company created a “market-development playbook,” consolidating marketing and sales efforts to target potential customers better. This streamlined approach led to a 20% boost in conversions in key geographies, underscoring the value of intentional market development.

4. Strategic Cost Reduction

Cost-cutting in tough times is inevitable, but the approach can vary. Companies should

focus on eliminating activities that drive lower value from a customer perspective rather than implementing uniform cost cuts across the organization. This involves analyzing how all activities contribute to meeting the most critical customer needs and identifying areas where reductions can be made without negatively impacting customer experience or revenue.

This targeted approach involves mapping the organization’s core activities to key customer “jobs to be done” and then determining which activities can be scaled back without sacrificing value. In one example, a materials company analyzed its customer-facing activities, identifying opportunities to streamline operations without compromising customer satisfaction. The company achieved cost savings without diminishing its service levels by reallocating resources to focus on activities that directly impact customer needs.

Preparing for an Uncertain Future

Companies shouldn’t view innovation and cost discipline as mutually exclusive but rather as complementary goals that can be achieved through strategic decision-making and focusing on near-term opportunities aligned with long-term goals. Companies can and should continue to innovate and grow even during economic uncertainty. Those that do stand to emerge stronger and better positioned for sustainable growth when conditions improve.



Can’t Innovate Without a Mandate



Stephen Parkins

Founder & Chief Innovation Officer at Culturedge



You might be a “Chief Innovation Officer,” but do you have a genuine mandate to innovate?

In politics, candidates and parties who win elections receive a democratic “mandate” to govern. But you might also be familiar with investment mandates or trading mandates from the financial world. Just like innovation management, these are domains that deal with market uncertainty every day.

So they put internal agreements in place that delegate risk and responsibility—from those who hold the purse strings (Finance and Risk departments) to professionals who expose the company to risks in order to generate financial returns (investment managers, traders, etc.).

This delegation of authority is *explicit*.

The mandate expresses one simple message:

“You’re a professional, and we trust you to make decisions around uncertainty on behalf of the company—within some clearly defined parameters.”

What’s an Innovation Mandate?

The Innovation Mandate is no different. It delegates authority over innovation decisions from the Organization level (e.g., the CEO) to the Portfolio level (e.g., the Head of Innovation).

An Innovation Mandate, if well designed, sets out the priorities for innovation at the Portfolio level and ensures strategic alignment with Organization level priorities.

But wait, you may object, don’t all big companies do this anyway by allocating a budget to their innovation unit? Actually, no. For the vast majority of companies, there isn’t one document that encapsulates all strategic elements in an explicit manner:

- Direction
- Risks and resources
- Governance

- Portfolio execution
- Impact and reporting

Instead, we find...

... The rules are scattered across multiple policies, processes, PowerPoint presentations, Word documents from old board meetings, printed documents, and a few vague verbal agreements.

... Budgets can fluctuate wildly depending on short-term moods.

... Reporting tends to be either sloppy or overzealous.

... Objectives are implied, not stated explicitly
... and much more is simply left unspoken.

To illustrate, ask yourself this:

- What was your company’s innovation budget for 2024?
- What are the rules for killing off a zombie project?
- What does a “cautious risk appetite” mean?

Even if *you* know, how many of your colleagues would know the answers?
Probably not many.

It’s important to distinguish two related but distinct things:

1. **Conceptually, a mandate to innovate:**
Have you been given the authority to produce the change you’ve been asked to make?
2. **Practically speaking, an Innovation Mandate:** A document that operates like a contract but without all the legalese and long paragraphs. It gets signed off by the CEO or the board and formally delegates authority over innovation activities.

Your “mandate to innovate” is what really matters. It’s what gives you legitimacy. But it’s best captured—explicitly—inside an Innovation Mandate document.

The Consequences of Operating Without an Innovation Mandate

In my experience, when you tolerate *ambiguity* in your innovation governance, you expose your organization to a whole range of serious problems.

Snail-paced decision-making

Without a mandate giving clear strategic directions and constraints, teams take longer than necessary to decide on the focus of their ideas.

Because they're trying to second-guess "what management wants."

You've probably witnessed the meetings that cycle back to square one again and again, with teams and junior managers presenting overlapping proposals. They typically result in delayed project launches and missed market opportunities.

This results in...Revenue down the drain.

Zero accountability

As obvious as it sounds, holding teams accountable without clearly defined responsibilities in a unified mandate is very difficult. You inevitably end up with confusion over ownership and diluted results.

No one can be held accountable for overlapping expenditures because there was no clarity in the first place. Frustration and disappointing results are guaranteed.

This means...Money wasted and damaged morale.

Poor risk management

Without a clear mandate setting out how risks should be managed and which risks specifically the company seeks exposure to, the innovation unit will inevitably take either too much or too little risk.

Imagine you're a bank, and your innovation team decides to invest in a new cryptocurrency technology without realizing that the board was philosophically opposed to crypto under all circumstances for reasons of regulatory risk.

This time, you took too much risk. But next time, you'll be over-cautious.

It's unrealistic to expect innovation professionals to perfectly align with the risk profile of the board of directors by intuition alone. This is why risk appetite and other risk considerations need to be made explicit.

Otherwise...Your allocation of risk vs reward will always be off.

Inconsistent execution

Without structured guidance on how to work with partners, how to scale up ideas in your portfolio, or how to kill off underperforming ventures, you'll always get inconsistent results from your project execution.

I've seen high-potential projects get terminated because they didn't generate \$1 million in their first quarter, while other ideas lived on as zombie projects for 3 years because nobody knew how to kill them.

The consequence...Missed revenue potential and crippling costs.

Conflicts of interest:

If the rules of the game are left ambiguous when it comes to investing in innovation projects, middle managers with advanced political skills have an incentive to direct more funding toward their pet projects and attract more glory to themselves—to the detriment of what is best for the company.

The outcome... It is both unethical and a drain on company resources.

A stagnant Innovation Culture

Without a clear vision for what is expected from innovation and without guidance on impact, innovators struggle to find purpose in their work.

As morale and engagement drop, the company's ability to retain and hire talented innovators declines.

The result... A vacuum of innovation talent.

These are all undesirable outcomes, many of which are probably things you've seen before in innovation labs across all industries. But beyond saving your company lots of wasted money, an Innovation Mandate presents a whole range of qualitative benefits.

Strategic, Operational, and Cultural Benefits of an Innovation Mandate

Resource allocation as a strategic lever:

Since the Innovation Mandate delegates resources according to rules, the top management of the company can remain confident that investments (in new solutions, technologies, partnerships, business models, etc) will take place in a focused manner.

In other words, innovation will always be aligned with the company's high-level strategy.

This doesn't just mean greater efficiency. It means the company can be confident that it is acting on its promises—doing what it said it would do.

Removing ambiguity through strategic focus

Innovation teams can simply get on with their jobs. They don't need to waste time second-guessing whether their new idea will or won't align with the weekly mood swings of the CEO.

Let's say the Innovation Mandate has clearly asked innovators to help the company shift towards cloud computing solutions. Suppose you're a team working on a new cloud-based lead-generation tool. In that case, you can focus all your energy on creating something that customers will want—not on justifying your existence to senior managers.

Build an antifragile innovation portfolio

Having clear directives and delegation means you're able to build a strong innovation portfolio that's high in optionality and adaptable to sudden market changes.

When a metaphorical tsunami hits your business (like a sudden influx of cheaper competing products from China), the innovation unit doesn't need to wait for the board's instructions on what to do next.

It can quickly reallocate its innovation portfolio (in line with agreed constraints, of course) to protect itself from adverse effects and, ideally, create new forms of optionality and benefit from the new situation. This is a significant competitive advantage in a dynamic market.

Innovator empowerment

It should be obvious by now that the Innovation Mandate empowers teams by clearly delegating authority and responsibilities. Creators feel motivated when they have the freedom to create things and to make fast progress.

Imagine your innovation mandate explicitly asks local teams to experiment with localized marketing tactics. Whether or not this is effective in engaging customers, giving this explicit authority is bound to keep the innovators engaged. Companies wondering how to keep their creative employees engaged are well served with an Innovation Mandate.

Encourage a culture of continuous learning

With its focus on reporting (regularly, but not too frequently) and metrics that move the needle, the Innovation Mandate provides an opportunity for the organization to learn from the outcomes of its portfolio-level and project-level decisions.

Updating the Innovation Mandate (once per year) based on real-world feedback is all part of promoting a learning culture that is, after all, the bedrock of successful innovation.

How Is an Innovation Mandate Different From an Innovation Strategy or an Innovation Thesis?

Let's start with the assumption that every company has an overarching strategy, a theory on how it will overcome its greatest challenges and succeed in the marketplace. The Innovation Mandate is a direct articulation of this strategy applied to the

field of innovation. It delegates authority—from the Organization level to the Portfolio level—in a way that innovation professionals can produce innovation that aligns with the company's strategy.

The Innovation Thesis sits one level lower down from the Mandate. It defines investment themes that are in scope and helps the manager(s) of the innovation portfolio decide which individual projects do and don't receive funding.

Implementing an Innovation Mandate

Along with other corporate diseases, like bureaucracy and petty politics, internal ambiguity is one of those things that simply exist by default—unless you take steps to eliminate them.

Implementing an Innovation Mandate is one such step.

Clearly, the Innovation Mandate doesn't eliminate the inherent uncertainty of the external *market*, and I doubt any document can achieve this. However, its value in creating internal clarity in service of innovation can hardly be overstated.

By implementing an Innovation Mandate, your organization's innovators and decision-makers are no longer distracted or paralyzed by internal ambiguity. They can fully apply their skills to transforming uncertainty into a source of growth and innovation.

If your company doesn't yet have one in place, how might an Innovation Mandate help you expel some of the demons of ambiguity that no doubt hinder your company's innovation performance? Which investment decisions could happen faster if everyone knew (and adhered to) the same clear rules?

▶ The Emerging and Evolving Role of the Chief Innovation Officer



Marika Reis

SVP, Head of Strategy, Innovation and AI at Ørsted



The role of the Chief Innovation Officer (CIO) is still relatively rare in many organizations. Marika Reis, a seasoned innovation executive and former Chief Innovation Officer at *Maersk Drilling*, shares why this critical role remains elusive at the top table and what it takes for a CIO to drive meaningful change.

Why Is the Chief Innovation Officer Role So Rare?

Despite the increasing focus on innovation, only a few CEOs see it as central to their company's growth. Marika explains that this reluctance often stems from a lack of understanding or commitment to long-term innovation. "When looking for new roles, I always ask the CEO: Do you want innovation? If not, it's going to be a tough journey."

Marika believes that, for innovation to succeed, it must have the full backing of the CEO. "The Chief Innovation Officer can't be buried deep in the organization. It needs to be a role that sits right next to the CEO because innovation touches everything, and it's crucial to remove obstacles as they arise."

The Case for Innovation at the Top Table

One of the main challenges for innovation teams is breaking down the silos that exist within large organizations. Marika explains that when the CIO is part of the executive team, these barriers can be addressed more efficiently. "You're going to run into obstacles with new initiatives. If you're constantly waiting six months for legal or finance approval, you'll be left asking why innovation isn't producing results."

To pitch the importance of a CIO reporting directly to the CEO, Marika recommends framing the conversation around business outcomes. "Ask the CEO, 'What do you want innovation to achieve?' Most will say growth or efficiency. If that's the case, you need the authority to make things happen. Otherwise, innovation becomes a series of isolated experiments with no real impact."

Marika advocates for "metered financing," a structured approach where funding is progressively unlocked as projects demonstrate milestones or clear potential. This balances the need for accountability and flexibility to support long-term innovation efforts. "You potentially have a big set of money but can only unlock it by doing certain things. This ensures a disciplined yet supportive funding environment for innovation," she explains.

Measuring Success as a Chief Innovation Officer

So, how should the success of a CIO be measured? According to Marika, it all comes down to results. "Ultimately, you have to show bottom-line impact. It's the nature of the role. You can talk about long-term goals, but you'll lose credibility if you're not delivering financial results."

However, balancing short-term expectations with long-term innovation can be tricky. A CIO must set clear expectations from the start. “You have to be honest about timelines. If the CEO wants \$2 billion in growth, explain that this won’t happen overnight. But if you have a strong pipeline and a plan, you can build toward those results over time.”

Building a Culture of Innovation

A vital part of the CIO’s role is nurturing an innovation-friendly culture across the organization. Marika emphasizes the importance of educating the C-suite and middle management. “Most of the time, there’s insufficient understanding of innovation at the executive level. It’s your job to help them grasp the concepts. I often take senior leaders out of the office to see innovation in action at other companies. When they hear the language of innovation from others, it starts to click.”

This educational approach helps executives understand innovation and breaks down resistance. “You can’t expect every department to grasp innovation fully, but they need a basic understanding. It’s the only way to ensure that innovation efforts are integrated and supported throughout the organization,” she stresses.

Overcoming Barriers and Building Alliances

Navigating boardroom politics is an essential skill for any CIO. Marika admits that innovation leaders will always encounter resistance from finance, operations, or legal departments. “Every company is different. In some, the Chief Commercial Officer might control customer access. In others, it’s the CFO. But the key is understanding their daily challenges and showing them how innovation can help.”

By setting up cross-functional forums, Marika could get legal, finance, and other teams on board with innovation projects. “You have to be a politician and show them that your actions will solve their problems in the long run. And you have to be patient because these relationships take time to build.”

Recognizing Red and Green Flags When Pursuing a CIO Role

Marika emphasizes the importance of evaluating potential CIO roles carefully to ensure the position is set up for success. “When you are either pitching for the role or applying for a CIO role, you have to be willing to say no to the role. And why do I say that? It’s because many of these roles are set up to fail,” she cautions. Aspiring CIOs, therefore, should look out for these indicators during the hiring process:

Red Flags:

- **Lack of CEO commitment:** If the CEO shows reluctance to dedicate time or resources to innovation or does not encourage cross-functional collaboration, this could significantly hinder the CIO’s efforts.
- **A history of failed innovation attempts:** Companies that have tried innovation without success and cannot articulate why often lack the humility or curiosity necessary to succeed in the future.
- **Siloed or inflexible structures:** If the organization insists on narrow, incremental innovation without room for exploration, it may not fully grasp the strategic value of a CIO’s work.
- **No access to decision-makers:** If the role does not permit regular interaction with the CEO or board, or strict hierarchies block direct communication, it will be challenging to drive impactful initiatives.

Green Flags:

- **Curiosity and willingness to learn:** Organizations that demonstrate curiosity about innovation and a readiness to understand why previous attempts may have faltered show promise for meaningful transformation.
- **Risk-tolerant culture:** A company that embraces calculated risks and allows innovation efforts not to yield immediate financial results fosters an environment for bold thinking.
- **Collaborative spirit:** A supportive C-suite that is open to learning and aligned with the CIO regarding creating an innovation-friendly culture signals an optimal setting for success.
- **Employee readiness:** Signs of enthusiasm and readiness among employees to engage in innovative projects, even if processes or vocabulary are underdeveloped, suggest a solid foundation to build upon.

By identifying these red and green flags, innovation professionals can make informed decisions about the CIO roles they apply for, ensuring alignment with their goals and the organization's readiness for innovation.

The Biggest Challenge for Innovators Today

Corporate innovators face two main challenges today: the damaged reputation of innovation and a short-term focus driven

by financial pressures. "In many companies, innovation has a bad reputation because it hasn't delivered results. And with the current economic climate, the focus is on operations and immediate returns. But we can change that narrative if we can prove that innovation can drive both long-term and short-term gains," Marika says. To regain its rightful place, corporate innovators must fix their "PR problem" and convince executives that long-term thinking is essential for future success.

The Future of the Chief Innovation Officer

Marika believes the role of the CIO will continue to evolve, potentially becoming even more integral to corporate strategy. "I hope that the Chief Innovation Officer will become a true partner to the CEO, almost like a 'Chief Entrepreneurial Officer' handling all the new ventures and helping the company think about the future while the CEO focuses on day-to-day operations."

However, in an ideal world, she notes that the CIO role might disappear someday. "If companies become truly innovative, there may no longer be a need for a separate innovation officer. Innovation would be embedded in every aspect of the business." In the end, while the role of Chief Innovation Officer remains a critical yet challenging position, the future holds the promise of an integrated approach where innovation becomes second nature to every aspect of business, ensuring long-term growth and success.

▶ Back to Basics: From Rugby Fields to Value Creation in Product Development



Gino Francato
Corporate Innovation Leader at SABIC



Gino Francato, a chemical engineer with over 25 years of experience in the chemical industry and innovation, draws an unexpected parallel between the sport of rugby and the fundamentals of successful product development.

Reflecting on his rugby days, Gino highlights how mastering the basics—falling safely, passing accurately, and tackling efficiently—is the cornerstone of any high-performing team. Translating this concept into the business realm, he emphasizes that many organizations often overlook the foundational elements of innovation, resulting in wasted resources and missed opportunities.

The Fundamentals: Features, Benefits, and Value

Gino explains that one of the biggest challenges in product development is distinguishing between technical features, benefits, and value. Using a practical example, he asks, “What are the technical features of a truck? Its load capacity, axles, or size. But what are the benefits? Speed, safety, or ROI.” He underscores that value is what ultimately puts money in the customer’s pocket, whether through increased sales or compliance with regulations.

The connection between features, benefits, and value is not always that obvious. “The fundamentals are often misunderstood,” he states. “Features answer the ‘what,’ benefits answer the ‘why,’ and value answers the ultimate ‘why buy.’ Yet, even seasoned

professionals conflate these terms, leading to misaligned strategies and unmet customer needs.”

Gino emphasizes that every time you create value, you must ensure it is relevant for everyone across the value chain, including end users, suppliers, and the company leading the innovation efforts.

The Pitfalls of Miscommunication

Gino recounts a common scenario in innovation using the example of a customer requesting a 20% improvement in chemical resistance for a product. The R&D team works diligently, only to discover months later that the customer has shifted to a competitor’s cheaper, “good enough” alternative. “This happens because teams focus on technical specifications without probing deeper into the customer’s underlying needs and drivers,” he explains.

Gino acknowledges the complexity of aligning features, benefits, and value across the entire value chain, from OEMs to end users. “This isn’t easy,” he admits. “But avoiding these conversations wastes time, resources, and effort. Engaging teams in this complexity is crucial for innovation.”

Ask “Why?” More

R&D teams typically fail to ask enough questions of their clients, just implementing whatever sales or marketing teams tell them to do. Gino advocates for a different approach where R&D creates a more nuanced dialogue and asks many more “Why” questions upfront. They must challenge vague customer requests and demand clarity from marketing and sales. “If you don’t understand why a customer needs 100 degrees Celsius resistance, you’re not solving the right problem. Push back, ask questions, and dig deeper.”

This allows R&D to get to the root of what the client really wants and leads to higher-quality outcomes and more satisfied customers. He suggests sharing a simple Excel file where customers outline their current solutions, desired features, and expected benefits. This collaborative exercise ensures alignment and identifies whether a feature is a must-have, a value driver, or a delighter.

He stresses the importance of co-designing with customers and maintaining continuous communication throughout the development process. “Months of silence can kill a project. Regular engagement ensures alignment and avoids surprises.”

A Framework for Success

To bridge the gap between features, benefits, and value, Gino introduces a structured approach:

1. **Define technical features:** List specific attributes, such as temperature resistance or weight.
2. **Clarify benefits:** Identify why these features, like improved mobility or cost savings, matter to the customer.
3. **Quantify value:** Determine how these benefits translate into financial or operational gains.

Additionally, he notes that not all features and benefits are equal. Some customer needs carry more weight than others. He categorizes these drivers into three groups:

- **Must-haves:** Essential requirements, such as FDA approval for food products.
- **Value drivers:** Features that increase customer reward, like cost reductions.
- **Delighters:** Nice-to-haves that aren’t deal-breakers but enhance customer satisfaction.

Distinguishing clearly between the drivers establishes a common language for innovation teams and clients alike, reducing uncertainty and increasing the success of outcomes.

Your First 100 Days on the Innovation Job (and Beyond): A Guide for New Leaders



Alex Osterwalder
Founder & CEO of Strategyzer



Starting a new role as an innovation leader is both exciting and daunting. For those stepping into these shoes, there's often an urge to jump in, refine processes, and implement change. However, a strategic approach during the first 100 days can set you up for long-term success and avoid common pitfalls.

Alexander Osterwalder, Founder & CEO, *Strategyzer*, outlines the key steps and strategies to build a foundation that empowers innovation and drives growth.

Why Your First 100 Days Matter

The initial phase in an innovation leadership role shapes your long-term impact. Many new leaders focus on refining the “how” and overlooking more critical aspects. Instead, centering on the “what” and “who” will yield more significant results.

The “what” involves defining the type of innovation and growth you aim for within your unique context. It also includes deciding which mix of innovation programs will effectively achieve these goals. The “who” is about identifying the key individuals within your organization necessary for driving this change.

The Common Misstep: Focusing on Process Over Purpose

New leaders frequently concentrate on procedural aspects, aiming to reinvent wheels already optimized by companies like *Strategyzer* that have refined innovation

models for numerous organizations. While processes are important, effective innovation leadership involves tailoring strategies to your company's unique goals and culture. Aim to understand your organization's growth and innovation objectives and leverage pre-existing frameworks when they serve the purpose.

Before diving into processes, focus on understanding the desired outcomes and identifying the people who will help you realize them.

Essential Steps for the First 100 Days

1. Understand Your Company's Innovation Landscape

Begin by assessing the company's current innovation maturity and growth objectives. This will help you identify gaps and areas for improvement. It's vital to get a clear picture of where the company stands and where it wants to go.

Practical Tip: Consider an Innovation Maturity Assessment to gain insights into organizational readiness and capacity for change. This can highlight capability gaps and inform strategic planning.

2. Build Strategic Alliances

Relationships are the foundation of successful innovation initiatives. Start building alliances with key stakeholders across departments. These partnerships will help you overcome blockers and pave the way for enablers that support innovation. Engaging influential leaders early on is crucial for gaining buy-in and fostering a culture of collaboration.

Practical Tip: Identify innovation champions in different departments who can advocate for your initiatives and help create momentum.

3. Define Clear Innovation Objectives

Outline your goals for innovation and establish metrics to measure success. You provide a roadmap for your team and stakeholders by articulating what you aim to achieve. Ensure these objectives align with broader organizational goals and are adaptable to evolving circumstances.

Practical Tip: Create both short-term and long-term innovation goals. Short-term wins will keep momentum going, while long-term goals ensure sustained impact.

Building a Culture of Innovation

Sustaining innovation requires more than processes and tools; it necessitates a culture that embraces change. As a leader, encourage an environment where experimentation is valued and failure is seen as a learning opportunity. Foster open communication channels and empower teams to share ideas and insights.

1. Encourage Experimentation and Learning

Successful innovation leaders understand that failure is part of the process. Promote a culture where teams feel safe to test new ideas, learn from setbacks, and iterate on their approach. This mindset is crucial for innovation to thrive.

2. Empower Cross-Functional Teams

Innovation rarely occurs in isolation. Enable collaboration between different departments and disciplines. Cross-functional teams bring diverse perspectives that can lead to more comprehensive solutions and novel ideas.

Avoiding Common Pitfalls

Despite the best intentions, innovation leaders often fall into traps that can hinder progress. Here are some pitfalls to watch out for:

- **Don't Waste Time on Overhauling Processes**

While it may be tempting to dive into procedural improvements, these should not be the primary focus in the early stages. Stick to proven methodologies and tailor them to your company's needs.

- **Avoid Taking on Too Much at Once**

Overcommitting can spread your efforts too thin. Start with achievable objectives and scale your initiatives gradually as you build traction.

- **Don't Work in Silos**

Innovation thrives on collaboration. Engaging with other departments and seeking diverse input will enrich your initiatives and increase their relevance across the organization.

Sustaining Innovation Beyond the First 100 Days

Once the foundation is in place, focus on sustaining momentum. The innovation landscape is dynamic, and continual adjustment is essential. Regularly revisit objectives, gather feedback from your team, and adapt your approach based on outcomes.

1. Measure, Adjust, and Repeat

Innovation is an ongoing journey. Track progress against your objectives, evaluate the effectiveness of your strategies and refine them as needed. Flexibility will allow your innovation initiatives to align with company goals and market needs.

2. Stay Informed on Industry Trends

Innovation leaders need to be aware of emerging trends and technologies. Regularly engage with industry thought leaders and attend conferences to stay

updated. This awareness enables you to anticipate and proactively incorporate changes into your strategies.

3. Foster an Ongoing Learning Environment

Encourage continuous learning and development within your team. Support training opportunities, provide access to resources, and create platforms where knowledge can be shared. A well-informed team is more adaptable and better equipped to innovate effectively.

The New ABCs of Innovation Leadership: Architect, Bridger, Catalyst



Linda Hill

Wallace Brett Donham Professor of Business Administration at the Harvard Business School & Faculty Chair of the Leadership Initiative



True innovation requires a unique blend of leadership skills that inspire teams to build, connect, and accelerate change collaboratively. *Harvard Business School* professor Linda Hill, an authority on leadership and co-author of *Collective Genius: The Art and Practice of Leading Innovation*, has broken down the path to impactful leadership into three essential roles: Architect, Bridger, and Catalyst. These are the ABCs of innovation leadership.

Architect: Building the Culture for Innovation

The first pillar of innovative leadership is being an “Architect” of a conducive culture and having the right capabilities. Gone are the days when leadership merely meant outlining a vision. Instead, today’s leaders must shape an environment where collaboration and experimentation thrive. Linda emphasizes that innovation rarely comes from an individual’s “eureka” moment; instead, it’s the product

of collective effort—what she calls “collective genius.”

Creating this culture means recognizing that every person on your team brings a unique “slice of genius,” a combination of talents and perspectives that, when combined, form a powerful whole. As an architect, your job is to harness these diverse strengths. This environment empowers your team to perform tasks and explore what they could achieve together, setting a scene where collaboration and creativity can flourish.

Bridger: Connecting Talent and Tools Beyond Borders

The second essential role for leaders is that of a “Bridger.” Linda’s research reveals that today’s innovation demands often outstrip any organization’s internal resources, especially in the digital age where the speed of change is unprecedented. By building bridges to external partners, leaders can access the latest tools, talent, and insights their organizations might not possess in-house.

Linda cites the example of corporations with innovation labs or partnerships with digital-first companies to meet their technological demands. In this role, the leader becomes a conduit between the organization and the broader ecosystem, actively seeking collaborations to propel projects forward. Bridging isn’t just about connecting resources; it’s about creating relationships built on trust, mutual influence, and shared goals. The deeper these connections, the more innovative capacity an organization can unlock, pushing it further than it could go alone.

Catalyst: Accelerating Innovation Across the Ecosystem

The final and arguably most dynamic leadership function Linda discusses is that of the “Catalyst.” While the architect builds the foundation and the bridger connects resources, the catalyst accelerates innovation within the organization and across the entire ecosystem.

Being a catalyst means galvanizing partners, clients, and competitors to drive large-scale change. Linda shares how leaders in sectors like pharmaceuticals push the boundaries by encouraging vendors to innovate alongside them. When a partner or vendor is agile and capable, it fuels the organization’s ability to adapt quickly, creating a networked

approach to problem-solving that benefits all parties involved.

In this role, leaders uplift the entire ecosystem, whether setting new standards in the industry or addressing societal challenges on a broader scale. When companies collaborate in this way, they aren’t just co-creating solutions; they’re creating a future where everyone benefits.

Beyond Authority: The Heart of Innovation Leadership

Linda’s research reveals that formal authority, once the mainstay of corporate leadership, has limited impact in an innovation-driven world. In her view, influence built on hierarchy or authority might control people’s actions but rarely secure their full commitment. This commitment is essential when teams face the uncertainties of innovative work, where risks are high, and the rewards are far from guaranteed.

Instead, Linda advocates for a leadership style rooted in influence, trust, and invitation. Leaders who successfully drive innovation understand that they can’t command creativity; they only invite it. This perspective shifts the role of the leader from a commander to an enabler, someone who provides the structure, connections, and energy to inspire people to reach their creative best.

“True innovation leadership is not about leading people to a predefined destination but inviting them to create the journey with you,” Linda says.

The best leaders inspire and empower, building an inclusive vision that allows every contributor’s “slice of genius” to shine. Now, more than ever, the future of leadership lies in the power to connect, elevate, and co-create with others.



Nurturing Innovation: The Crucial Role of Intermediaries



Anne-Laure Fayard, Jess Majekodunmi, Martina Mendola, & Rachel Kenny

ERA Chaired Professor in Social Innovation at NOVA SBE | Managing Director, Human Sciences Studio at Accenture | Researcher at the Human Sciences Studio, Accenture The Dock | Research Lead, Human Sciences Studio at Accenture



Despite the myriad of initiatives promoting cross-sector collaboration and open innovation, businesses still struggle to turn groundbreaking ideas into successful realities. Why is that? The answer may just be an overlooked truth that innovation is not just an idea but a journey—one that requires long-term collaboration and dedicated nurturing, suggest Anne-Laure Fayard, Jess Majekodunmi, Martina Mendola, and Rachel Kenny.

Individuals or entities responsible for facilitating and maintaining collaboration provide structure, guidance, and support. These intermediaries help build relationships, sustain projects over time, and allow innovation to flourish. So, how do they accomplish this, and why are intermediaries so vital for businesses today?

The Innovation Journey: Moving Beyond Ideas

Innovation is often romanticized as a sudden spark of genius, but bringing an idea to fruition is a lengthy process. This journey involves multiple stakeholders, each bringing unique perspectives, skills, and resources. Yet, as promising as collaboration sounds, it is often complicated by diverse expectations, misaligned goals, and the project's evolving needs.

Innovation is more likely to succeed when intermediaries support the process. They serve as the glue, helping align the project's goals, nurture relationships, and keep teams focused as they navigate challenges. In essence, intermediaries help make

the intangible aspects of collaboration more concrete.

The Three Stages of Collaborative Innovation

Collaborative innovation can be broken down into three steps, with intermediaries playing a key role in each stage.

1. Making Connections

One of the intermediary's critical responsibilities is creating opportunities for innovators to connect. However, unlike conventional networking events, the goal here is not merely to bring people together; it's to create meaningful and productive connections.

Intermediaries achieve this by carefully selecting participants to consider how each person's skills, experiences, and personalities might contribute to the collaboration. By curating a network of individuals whose strengths complement each other, intermediaries set the stage for impactful partnerships. Moreover, they ensure that

these meetings are more than just exchanges of business cards—they are gateways to potential breakthroughs.

For instance, consider how a tech innovator working on sustainable energy solutions might benefit from connecting with policymakers, funding bodies, and environmental scientists. While these parties might not typically cross paths, an intermediary can facilitate a space for their collaboration, uniting diverse expertise around a common purpose.

2. Developing Relationships

Once connections are made, intermediaries play an ongoing role in helping innovators build strong, trusting relationships. These relationships are crucial for collaboration, but they don't develop overnight. To support this, intermediaries provide structured follow-up interactions, encouraging participants to deepen their engagement over time.

One effective strategy is holistic mentoring, which goes beyond technical guidance to offer emotional and strategic support. Innovators are often passionate but may face challenges or uncertainty as their projects evolve. Through mentoring, intermediaries help them navigate setbacks, build resilience, and stay focused on their goals.

Practically, this could mean organizing regular check-ins, facilitating progress reviews, or pairing innovators with industry veterans who can offer relevant insights. Over time, these interactions build trust and commitment, making team members more willing to invest in the project's success and overcome inevitable obstacles.

3. Sustaining and Managing the Team

Innovation is rarely a short-term endeavor; moving from concept to implementation

often takes months or even years. During this period, team members may come and go, the project scope may change, and the external environment could shift unexpectedly. Given these dynamics, maintaining momentum requires deliberate effort and consistent management.

Intermediaries play a pivotal role in this phase, acting as both project managers and relationship stewards. They keep the team aligned, ensuring that changes in personnel or objectives do not derail progress. For example, if a team member leaves, an intermediary might facilitate onboarding a new collaborator who brings relevant expertise. By managing these transitions smoothly, intermediaries help prevent disruptions and keep the project on track.

Additionally, intermediaries monitor the collaboration's overall health, assessing factors like communication quality, commitment levels, and the project's alignment with its initial goals. This oversight allows them to make adjustments proactively, addressing issues before they become significant roadblocks.

Embracing the Intermediary Role

Looking ahead, businesses that embrace the intermediary role—either by employing dedicated innovation facilitators or by partnering with service providers—stand to benefit significantly. As innovation becomes more complex, with interdisciplinary teams working across global networks, intermediaries will be essential for aligning objectives, fostering trust, and sustaining momentum. Intermediaries have a crucial role to play in providing this support and ultimately increasing the success rate of new ventures.



How Insecure Managers Stifle Innovation and How to Overcome It



**Vijaya Venkataramani, Rellie Derfler-Rozin, Xin Liu,
& Jih-Yu Mao**

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Innovation thrives when ideas are nurtured, but a significant barrier often lies with territorial managers. These leaders, driven by insecurities around their status, can inadvertently block creativity within their teams.

Vijaya Venkataramani, Rellie Derfler-Rozin, Xin Liu, and Jih-Yu Mao explore this dynamic, revealing how fostering organizational identification can transform such managers into facilitators of innovation.

Why Do Managers Resist Innovative Ideas?

Despite organizations emphasizing creativity, employees frequently encounter resistance when proposing novel ideas. Managers are pivotal gatekeepers in this process, yet their reluctance often stems from deep-seated fears of losing control or being overshadowed. These insecurities are particularly pronounced among middle managers with low informal social status. They lack peer respect and recognition despite their formal authority.

Managers with lower social status often perceive innovative ideas as threats to their domain. This sense of territoriality manifests as withholding resources or outright rejecting proposals, stifling the organization's innovation potential.

Recognizing the Power-Status Gap

A manager's influence extends beyond formal titles to include the respect and admiration garnered from peers. Managers with low social status often feel vulnerable, leading to defensive behaviors that hinder collaboration and creativity. For example, they are less likely to endorse employee-generated innovative ideas, particularly those deemed highly novel.

Organizations can empower managers to act as enablers rather than gatekeepers of innovation by addressing the gap between formal authority and informal status.

Shifting the Mindset: Managers as Facilitators

Traditionally, leadership roles emphasize individual achievements, fostering a belief that a manager's value lies in generating ideas rather than supporting others. This mindset, compounded by performance metrics prioritizing personal accomplishments, can prevent managers from embracing a facilitative role.

Successful innovation often stems from collaboration rather than solitary brilliance. Organizations must redefine leadership paradigms to counter this, encouraging managers to prioritize their teams' creativity. Reward systems that recognize facilitative leadership over individual success can shift perceptions and inspire a culture of support.

Building Organizational Identification

One of the most effective ways to mitigate territoriality is by strengthening managers' identification with organizational goals. When managers align their personal success with the organization, they become less defensive and more open to their teams' ideas.

Researchers have demonstrated that fostering organizational attachment significantly reduced territorial behavior among low-status managers. Structured interventions, such as reflective exercises on organizational alignment, helped managers prioritize collective goals over personal insecurities.

Practical Steps for Organizations

To cultivate an environment where innovation flourishes, organizations should:

- **Enhance peer relationships:** Promote mutual respect and collaboration through interpersonal training and a supportive culture.
- **Redefine leadership metrics:** Shift evaluation criteria to reward managers for facilitating team creativity rather than individual achievements.
- **Foster organizational alignment:** Encourage managers to see their contributions as integral to the company's broader mission.

These strategies empower managers and create a safe space for employees to share ideas, driving innovation at every level.

By addressing the underlying insecurities of territorial managers and prioritizing a culture of collaboration, organizations can unlock the full potential of their teams. When managers transcend self-interest and embrace collective success, they enable innovation and set the stage for long-term organizational growth.



Avoiding Harm in Technology Innovation: A Framework for Responsible Advancement



Tania Bucic & Gina O'Connor

Professor of Marketing at UNSW Sydney | Professor of Innovation Management at Babson College



Emerging technologies hold immense potential to solve critical global challenges, create new markets, and drive economic growth. However, their rapid evolution often outpaces regulation, raising ethical questions and unforeseen consequences that businesses must address proactively. Organizations can innovate responsibly by leveraging a structured framework to mitigate risks and maintain public trust, propose Tania Bucic and Gina O'Connor.

The Need for Responsible Innovation

Technological advances frequently outstrip legal guardrails, leaving innovators questioning when to proceed with commercialization. Without systematic review processes, many organizations risk overlooking the societal, environmental, and ethical implications of their innovations. For instance, instances like *Air Canada's* chatbot mishap and the gene-editing controversy in China underscore the harm caused by inadequate foresight.

The authors interviewed executives across industries to understand how companies address potential risks. Their findings revealed that business imperatives often overshadow ethical considerations, with few systematic processes to evaluate potential harms. This gap underscores the need for a structured approach to innovation.

The Responsible Innovation and Commercialization (RIC) Framework

The RIC framework is adapted from *Responsible Research and Innovation (RRI)* principles. It emphasizes four core principles tailored for business application:

1. **Anticipation:** Businesses must systematically consider all possible uses and consequences of a technology and proactively identify and address possible harms before they occur. Engaging subject matter experts early can uncover potential risks and guide investment decisions. For example, a corporate venture team declined to invest in a startup due to concerns about the environmental impact of its microbe-based technology.
2. **Reflexivity:** Companies shouldn't blindly pursue technological advancement but should reflect on their practices and decisions to ensure responsible development. Creating psychological safety within teams allows employees to raise concerns without fear. One company, for instance, opted out of a project to develop biodegradable plastics after recognizing that industry standards didn't align with its ethical values.

3. **Inclusion:** Stakeholder engagement ensures diverse perspectives inform decision-making. While consensus isn't the goal, involving scientists, advocacy groups, and local communities can illuminate potential challenges. Companies adopting this approach have reported fewer controversies and enhanced public trust.
4. **Responsiveness:** Organizations must own the consequences of their technologies and adapt swiftly to unforeseen issues. Conducting controlled tests before launch and maintaining mechanisms for stakeholder feedback are vital. Companies that respond transparently to adverse outcomes can maintain credibility and trust.

Practical Applications and Challenges

Implementing the *RIC* framework demands organizational commitment and cultural shifts. It requires balancing innovation speed with thoughtful evaluation, fostering a culture of accountability, and aligning technological goals with company values. While resource constraints and competitive pressures pose challenges, the benefits of proactive, responsible innovation far outweigh the risks of reputational damage or public backlash.



Corporate innovation is still not getting sufficient support from the most important stakeholders because...

... it's funded incorrectly as an operating activity, and not as a balance sheet-backed investment activity.

Elliott Parker, High Alpha Innovation

... although it is named as TOP3 priority for over 80% of companies, it is not seen as the value driving engine, which systematically identifies and realizes opportunities to create value.

Dennis Böcker, Innovationsmanagementberatung

... the innovation goals and governance are not aligned.

Stefan Peintner, WhatAVenture

... too often the innovation strategy isn't sufficiently aligned with the corporate strategy.

David Milner, OneUp

... too much money and attention is wasted on topics that do not meaningfully move the needle for the core business within a timeframe of 3–5 years.

Sebastian Müller, MING Labs

🕒 Building the Future: The Evolution of Innovation



Jacqueline Krain

Global Lead for Growth Markets and Emerging Channels at Amazon Web Services (AWS)



Jacqueline Krain is the Global Lead for Growth Markets and Emerging Channels at Amazon Web Services (AWS). She believes that while innovation as we knew it may be ‘dead,’ the need to rethink and reframe innovation is more vital than ever.

Jacqueline unpacks how innovation teams, mental models, and disruptive thinking continue to play a critical role in building the future, particularly at a global tech giant like Amazon.

Amazon: A Culture of Builders

Innovation is a way of life inside the company. “We hire builders,” Jacqueline says. Everyone is expected to be both an innovator and a problem solver. “When I say builder, I mean full stack. Someone who can dream it, design it, build it, test it, implement it, and scale it.” This mindset is deeply embedded companywide and is core to the brand itself.

So, in a sea of innovators, how do you differentiate yourself? “We have to disrupt internally,” she explains, referring to the role of her AWS innovation team. “Part of it is about looking around corners and being willing to be misunderstood for a long period of time. And it’s all contextual.”

Jacqueline outlines how her team utilizes their cloud platform technology to bring innovation to other areas of the organization, such as the retail side. “We work across industries. Each has some aspect that could be enhanced by working with the technology. We partner with *Amazon Whole Foods*, for example, and work as one team together.”

For Jacqueline, innovation doesn’t mean inventing something entirely new. “We actually stay relatively far away from inventing new or novel things,” Jacqueline admits. “We take what exists today and recombine it in ways that unlock opportunity.” This approach is known as “Flip Thinking.”

Turning the Problem on its Head

Jacqueline introduces ‘Total Football’ as a mental model for their innovation strategy of flip thinking. In Total Football, players move in triangular formations, and as the game progresses, any player on the field (except the goalie) can shift fluidly from one formation to another. “That means that everyone has to figure out how to play midfield or play striker or play whatever it might be. That’s the approach that we take as well,” she explains.

This mental model inspires them to adopt a flexible, multi-disciplinary strategy for problem-solving. “We try to take the perspective of a technologist, a business person, or an R&D expert, depending on the problem we’re facing,” Jacqueline outlines.

Adaptability allows for a shift in perspective to solve problems efficiently, challenging teams to look at problems through different

lenses and recombine existing components to create something new. “We don’t always need to invent something from scratch. What we need is to decompose the problem and figure out how to solve it in a different way.” The next step is to bring that concept to scale at pace, or “hyperscale,” in the case of a giant like *Amazon*.

Why Customer Obsession Matters

The key to success is customer obsession. As Jacqueline puts it, “Customers are always beautifully, wonderfully dissatisfied, which means there’s always an opportunity to delight them.” This relentless focus on customer needs is what drives *Amazon*’s continuous innovation. “We take what exists today and combine or recombine it in a way that unlocks opportunity.”

She stresses the importance of collaboration and a One-Team approach when engaging with all stakeholders. This approach extends across internal departments, throughout their partner network globally, and by connecting deeply with customers. “You’ve got to have a customer and that partner to succeed,” she says. Otherwise, your ideas will be met with skepticism from leaders.

Why Innovation Teams Still Matter

Despite *Amazon*’s culture of builders and disruptors, Jacqueline highlights why the innovation team remains crucial. “With so much happening, and with everyone innovating at the edges, you might ask, ‘Why do we even need innovation teams anymore?’” Jacqueline’s answer is “focus.”

“Innovation teams are vitally important because we have to get leaders to commit beyond the next 12 months,” she explains. While many leaders focus on near-term results, innovation teams create the space and capacity for long-term exploration, experimentation, and learning. “Innovation teams live it, breathe it, and sleep it,” Jacqueline says. “They are designed to take action, run experiments, learn from those experiments, and apply that learning to drive outcomes.”

The challenge is that leaders often lack the patience for this process. But innovation teams are built for it. They are trained to focus on the future, even when the rest of the organization is zoomed in on the short-term.

Storytelling: The Secret Sauce of Innovation

Storytelling is one of the most critical yet often overlooked components of innovation. “So many things get lost in the ether,” Jacqueline admits. “That’s why we need a consistent story about what we’re doing, why it’s important, and how it fits into the bigger picture.”

Storytelling is about pitching ideas and creating a narrative that gains traction within the organization. “You need advocates. You need to create a community around your idea,” Jacqueline says. “That’s one of the most important things innovation teams do. We tell the story over and over again until people believe it.”

▶ Inside lululemon's Innovation Engine: How a Unique Structure Drives Success



Chantelle Murnaghan

Vice President of Research and Product Innovation at lululemon



lululemon has built a system designed to meet immediate consumer needs while driving long-term growth by leveraging a well-structured, multi-disciplinary innovation team and prioritizing human insight.

Chantelle Murnaghan, Vice President of Research and Product Innovation at *lululemon*, takes us behind the scenes to explore how the company's unique approach to innovation keeps it at the forefront of the global apparel market.

An Innovation Challenge for a Vertical Retailer

lululemon's innovation model isn't one-size-fits-all, as Chantelle points out. Unlike many competitors, the company is a vertical retailer, meaning it manages its entire supply chain, from design to store shelf. This model itself creates innovation challenges. "If I build the best new run tight in the market, it's going to sit in a store next to five other tight," Chantelle explains. Without multiple distribution channels to experiment with, *lululemon* has to be creative about how it tests and rolls out innovation.

This limitation has fueled a culture where everyone is innovating across the organization. This mindset, combined with a well-coordinated structure, has allowed for innovation that meets business needs and pushes the company into the future.

A Multi-Disciplinary Innovation Structure

At the heart of *lululemon*'s success is its multi-disciplinary innovation structure. Chantelle describes it as intentionally designed, even if it looks "a little bit disastrous" on paper. The structure comprises several distinct functions, each led by subject-matter experts.

One core component is the Labs Team, which functions as a support group for the commercial organization. This team ensures that innovation is integrated into the business by focusing on product insights, validation, and testing, all while staying closely connected to the company's product education and development teams. "They're the boots on the ground," Chantelle says. This close relationship allows them to inform upstream innovation by keeping a pulse on what's happening on the ground level.

Additionally, the innovation function is divided into future-focused research and applied research. The former, referred to as 'evergreen research,' is primarily supported by academic partnerships and government

funding. “Net new knowledge is what fuels us to go after new solutions, new technologies, new materials,” Chantelle notes, emphasizing the importance of consistently generating new understanding.

The applied research team focuses on human-centric innovation, which is another vital part of the structure. By leveraging experts like engineers, physiologists, and biomechanists, the company ensures its products are designed with the human body in mind.

Core Principles Driving Impact

lululemon’s innovation is guided by four core principles that define how the company designs and develops products for a lasting, meaningful impact:

1. **Science of feel:** They create products that heighten sensory and emotional experiences. This goes beyond functionality, emphasizing how each product feels and resonates with consumers, aligning with the brand’s commitment to meaningful experiences.
2. **Static-to-dynamic:** They design for active, on-the-go lifestyles. *lululemon*’s products adapt seamlessly across different settings. Unlike traditional apparel, they’re crafted for “dynamic bodies,” meeting diverse needs and embracing design challenges suited for every moment.
3. **Holistic wellbeing:** They prioritize whole-person wellness over athletic performance alone, *lululemon* aims to support consumers’ physical, emotional, and mental health. This holistic approach drives innovation, fostering unique consumer connections.
4. **Sustainability:** They tie consumer wellness to planetary health, integrating sustainable practices into every stage of production. The brand’s eco-friendly

materials support consumer values and reduce environmental impact.

Challenging Assumptions and a Female-First Approach

A significant part of their innovation philosophy is to question established industry assumptions. The company questions norms, such as the emphasis on sweat-wicking, by exploring whether these solutions truly address consumer needs or are based on outdated ideas. For example, their research shows that consumers don’t actually sense sweat itself but feel changes in temperature and pressure, a finding that reshapes how they approach fabric and technology development.

Additionally, *lululemon* maintains a strong female-first perspective in its design and innovation processes. The brand was initially founded to cater to female athletes, so it invests heavily in understanding women’s unique physiology, biomechanics, and psychosocial needs. This commitment has informed the brand’s product innovations, driving them to fill knowledge gaps within the industry and create products that truly meet the needs of its core consumers.

A Framework for Success

lululemon uses a **Four-Quarant model** to ensure that each product innovation meets rigorous standards across essential categories. Every product must meet these criteria to be valuable for both the consumer and the business:

1. **Human need:** Centered on understanding the specific consumer insight or problem the product addresses.
2. **Scientific understanding:** Involves a solid research foundation with extensive testing and scientific validation to ensure the performance and success criteria are met.

3. **Business alignment:** Each innovation must align with its strategic growth goals, whether expanding within a category or creating an adjacent opportunity.
4. **Technological superiority:** Proprietary technologies or exclusive materials are integrated into products so they deliver a unique value that competitors cannot easily replicate.

This model allows *lululemon* to ensure that each innovation fulfills these diverse yet critical criteria, keeping product releases focused, high-quality, and aligned with consumer expectations and company objectives.

Agile Pods for Flexibility and Focus

One of the unique aspects of *lululemon*'s innovation process is its agile pod structure. Rather than having static teams, *lululemon* assembles cross-functional 'pods' based on the specific projects at hand. This allows the company to mobilize the right experts for each innovation initiative quickly. "We really build that expertise, and they assemble in pods to go after big projects," Chantelle says.

This flexibility allows them to maintain deep expertise while spreading capabilities across various projects. Whether the focus is on new manufacturing methods, advanced concepts, or franchise innovation, this approach ensures that the company can adapt to shifting priorities without losing momentum.

Keeping Innovation Embedded in the Business

To ensure that innovation is never isolated, they use a hybrid model where its innovation team is closely tied to the product

organization. Chantelle reports to the Chief Product Officer. This direct connection to product development ensures that innovation efforts align with business priorities while also holding leaders accountable for long-term innovation goals.

Chantelle stresses the importance of having a tops-down and bottoms-up innovation strategy. The 'top-down' element includes strategic foresight, competitor analysis, and market insights, while the 'bottom-up' side comes directly from feedback within the organization and consumer input. "What are the areas that the business is going after? What are the gaps?" Chantelle notes. This dual approach ensures that innovation is both strategic and responsive to immediate needs.

The Power of Knowledge and Collaboration

Generating new knowledge is a force multiplier that helps the company stay ahead of competitors. "Net new understanding is really what's going to propel us to new solutions," Chantelle shares. However, she also acknowledges that new insights need to be communicated effectively across the company. "It's not hard to get people to care about new knowledge. It becomes like *Mythbusters*, challenging industry assumptions."

The company's relationship-driven culture also plays a massive role in the success of its innovation strategy. Chantelle stresses the need for cross-functional knowledge and collaboration, explaining that the innovation team needs to know other departments' processes better than they know their own. "You have to know how to manipulate processes in a different way to innovate effectively."

Innovation for Today and Tomorrow

lululemon's unique innovation structure balances short-term business needs with long-term growth. The company delivers innovations that range from brand halo projects designed to enhance credibility and differentiate the brand, to scalable product platforms that drive core business growth over time.

Chantelle explains that each project is assessed based on its contribution to both consumer and business value, allowing them to strategically balance brand-building innovations with revenue-generating ones. They're not just chasing performance for performance's sake, they aim to help people live more fulfilling lives. By integrating a commercial focus with a commitment to continuous knowledge generation and human-centered design, *lululemon* has built an innovation engine that can power the company's growth for years to come.

▶ Disruptive Collaboration: How Goodyear is Reinventing Itself for the Future



Erin Spring

Senior Director, Global Materials Science at The Goodyear Tire & Rubber Company



Goodyear has long been known as a tire giant, but in an era of rapid technological change, the company strives to go beyond its traditional business.

Leading this charge is Erin Spring, who has been with the company for over 20 years, orchestrating its ventures and now heading the material science team. Erin shares how they are navigating the challenges of innovation by leveraging disruptive collaboration to stay relevant and meet the demands of the future.

The Need for Change

At its core, *Goodyear's* journey is about adapting to a new mobility ecosystem. "When *Goodyear* was born, we were at an inflection point in mobility, transitioning from horse and carriage to the automobile. Now,

we're facing another inflection point with shared, autonomous, connected, electric, and sustainable vehicles," Erin explains. *Goodyear* is focusing on ensuring it doesn't just ride along with this transition but actively shapes it.

Despite the company's 125-year legacy, *Goodyear* recognizes that sticking to business as usual is insufficient. "We manufacture a lot of tires for different industries, but those industries are changing. We need to rethink our entire supply chain and product makeup to meet ambitious goals, like creating a 100% sustainable tire by 2030," Erin says.

Creating a Reason to Change

A key part of their innovation strategy was creating a sense of urgency and setting ambitious goals. “It’s important to create a reason to change. We can’t just say, ‘We’ve been making tires for over a century; let’s keep optimizing.’ We need to show why change is necessary,” Erin emphasizes.

Goodyear started by clearly defining the future it wanted to be a part of, which they labeled BASES: a mobility ecosystem that’s Battery-powered, Autonomous, Shared, Electric, and Sustainable. “It gave our teams and leadership a clear direction for where we were going,” Erin notes. Setting specific goals, like data-driven, sensor-enabled intelligence in all products and the 100% sustainable tire target, helped provide focus and ambition.

The innovation approach includes actively identifying and engaging potential future customers to understand their evolving needs. This helps the company pinpoint valuable data points and shape solutions that will resonate as customer needs evolve. In one example, *Goodyear’s* collaboration with autonomous trucking startup *Gatik* enabled the company to adjust its data approach based on real-world customer feedback, a strategy Erin describes as vital to aligning innovation with anticipated market demands.

Building Networks

Once the vision was set, Erin’s team realized it couldn’t achieve these ambitious goals alone. “We’re a group of mechanical and chemical engineers, and we needed new skill sets,” she admits. The company built an extensive external network, partnering with startups, venture funds, academia, and corporate venture capital firms. “You don’t build these networks overnight. It takes time, but we need like-minded partners to co-create solutions.”

Internally, *Goodyear* also had to cultivate collaboration across departments and leadership levels. “It’s important to have the internal network to leverage when needed, ensuring everyone is on board and understands the vision,” Erin reinforces.

Creating Win-Win Partnerships

Collaboration is vital to such a strategy. Engaging partners is essential, but so too is making sure those relationships are mutually beneficial. “We had to shift our mindset. It’s not about bending others to our will because we’re a big company. It’s about creating a win-win situation where both *Goodyear* and our partners succeed,” Erin stresses.

The company adopted a grassroots marketing strategy, participating in events like the Consumer Electronics Show and hosting smaller, curated gatherings to engage future customers and partners directly. This approach allowed the company to communicate its forward-thinking vision to the right audiences without relying on a large-scale media campaign.

One successful example is *Goodyear’s* partnership with *Gatik*, an autonomous trucking company. “We’re piloting our connected tire products with *Gatik*, collecting data on the interface between the tire and the road,” Erin shares. Initially, *Goodyear* had a hypothesis about which data points would be most valuable, but through collaboration, they discovered additional insights *Gatik* found even more helpful. “Those a-ha moments come when you work side by side, and that’s only possible with strong partnerships.”

Innovating Beyond Tires: Sustainability at the Core

Goodyear’s commitment to sustainability is another pillar of its future-focused strategy.

One exciting initiative involves their work with *Monolith*, a company developing a more sustainable ‘carbon black’ product. “Carbon black is what makes tires black and gives them durability, but it’s traditionally made from petrochemicals. We’re working with *Monolith* to develop a cleaner alternative,” Erin explains.

By collaborating with *Monolith*, *Goodyear* is co-creating a sustainable solution that benefits both companies while also addressing broader environmental challenges. This is just one of the many partnerships *Goodyear* has developed to innovate sustainably.

Evolving Leadership and Teams

As innovation initiatives have grown, so too has the team. “We’ve had to evolve, hiring differently and expanding our presence globally,” Erin notes. A key part of this expansion included opening a new office in San Francisco to gain access to the specialized software and technology talent critical for future-facing projects. This location also provided closer proximity to potential partners in the tech ecosystem, helping *Goodyear* stay connected to emerging trends and talent.

Erin highlights the importance of leadership in fostering an innovation culture. “You have to bring leadership along for the journey. They need to be part of the process, helping

to champion new ideas while giving teams the freedom to experiment,” she believes. The team’s work in fields beyond tires, like sensor technology and sustainable materials, is a testament to the company’s adaptability.

Lessons in Disruptive Collaboration

Reflecting on *Goodyear’s* journey, Erin shares several key lessons for other companies looking to embrace disruptive collaboration:

1. **Paint the future:** Clearly define the direction and create a sense of urgency for change.
2. **Set ambitious goals:** Give teams something challenging and specific to work toward.
3. **Build strong networks:** Collaboration with both internal and external partners is essential. *Goodyear’s* work with startups, academia, and venture funds has been pivotal.
4. **Create win-win situations:** Partnerships should benefit both parties. A mutual understanding ensures a strong, successful relationship.
5. **Keep growing:** Innovation requires constant evolution in leadership, teams, and networks.

The journey is far from over, but with a solid vision and commitment to collaboration, *Goodyear* is well on its way to becoming a leader in the future of mobility.

▶ Shaping the Future of Supply Chains



Anna Farberov
Head of Innovation at PepsiCo Labs



Supply chains are evolving at breakneck speed, and Anna Farberov, Head of Innovation at *PepsiCo Labs*, is at the forefront of this transformation.

Anna shares insights on how *PepsiCo* navigates the challenges of modern supply chains by integrating new technologies and balancing immediate business needs with long-term strategies.

Strategy at the Core

“For us, it all starts and ends with strategy. Garbage in, garbage out,” Anna explains, highlighting the importance of aligning technological solutions with *PepsiCo*’s broader business goals. “You have to identify the problems you’re solving, starting from the top, and then dive deep into the specifics. It’s about mapping out the pain points before identifying the right solution.”

Anna emphasizes that while many organizations are tempted to chase shiny new technologies, the key to successful innovation is ensuring those technologies solve clearly defined business problems. She underscores the value of communicating solutions in straightforward terms so that everyone, regardless of their expertise level, fully understands the issues being tackled. Every project starts with a solid strategic foundation, ensuring that any solution pursued is both relevant and scalable.

Balancing Short and Long-Term Goals

A daily challenge that Anna’s team faces is navigating the balance between short-

term wins and long-term goals. As she puts it, “We’re more short-term than long-term because, as a big company, we still need to deliver results this year and maybe the next year. But once you’ve built credibility, you can start introducing longer-term visions.”

PepsiCo’s strategy for future-proofing its supply chain involves layering incremental improvements while keeping an eye on larger, transformative shifts. Anna acknowledges that building a 10-year vision is critical, but for that vision to take root, leaders must first gain trust within the organization through smaller, quicker wins. Securing senior sponsorship helps clear the way for prompt decisions and budget allocations for successful pilots, ensuring these efforts are not left as “science projects” without follow-through.

The Power of Scouting for Solutions

One of the key responsibilities of Anna’s team is scouting for new technologies. But how do they decide whether to build solutions internally or buy them externally? Anna explains that clear principles drive the decision. “We have a bucket of problems, and we shoot them into different buckets: build or buy. Sometimes you buy from a startup, sometimes you co-develop, and sometimes you build internally.”

Around 50% of *PepsiCo*'s solutions come from venture capital-backed startups. They partner with VCs to help identify potential tech solutions, particularly in areas where startups can provide the innovation the company needs. The remaining solutions are sourced through intentional scouting at industry conferences or collaboration with external consultants. These structured sourcing methods mean they can pursue a disciplined and focused approach to finding innovation partners.

Speed and Scalability Are Key

When integrating external solutions, Anna stresses the importance of scalability. "If I have a solution that works, I can't tell the business they need to wait five years until it's ready to scale," she says. Startups that partner with *PepsiCo* must be able to demonstrate a solution that works and the ability to scale quickly.

One of the most striking examples of this is a solution for predictive maintenance that *PepsiCo* adopted across its North American sites. The solution, developed by a startup and tested on a small scale, allowed them to reduce unplanned downtime to zero—a significant win for the company. "We started with one small site, one line, and scaled from there," Anna explains. The solution was so successful that it was rolled out across 43 food sites in North America within a year, with plans to expand to other regions. This disciplined approach involves a clear multi-phase pathway from pilot to negotiation and global rollout, ensuring successful innovations are swiftly integrated company-wide.

Building a Culture of Innovation

Creating a successful innovation program within a large organization like *PepsiCo*

requires more than just great ideas. It also demands buy-in from leadership. Anna describes how *PepsiCo Labs*, the company's startup collaboration arm, began from scratch in 2018. "For the first two years, we didn't know what we were doing," she admits. "But now, five years later, we have a very structured model."

This model includes a governance structure that keeps senior executives involved and committed to decision-making. "Nobody wants to take the first step," Anna says, explaining the challenge of getting stakeholders to move forward on new initiatives. To overcome this inertia, Anna's team ensures that decisions are taken promptly and that successful pilots lead to real-world implementation.

Embracing Failure and Learning from It

An essential part of the innovation journey is being willing to fail. Anna has worked hard to shift the mindset around failure, turning it into a valuable learning tool. "We've created a culture where killing a project is seen as a success." They even have awards for the "best-failed" projects, celebrating the lessons learned from initiatives that didn't go as planned.

Long-Term Bets on Humanoids and Automation

While much of Anna's focus is on near-term wins, she and her team are also looking at technologies that may take years to mature. One example is *PepsiCo*'s interest in humanoid robots, which could revolutionize warehouse operations but are still 5 to 10 years away from being market-ready. "We want to be at the forefront, so we partner with these companies now, helping them grow and giving them access to our sites for testing."

By investing in these longer-term technologies today, *PepsiCo* ensures it will be ready to scale them quickly when they are finally commercialized.

As *PepsiCo* looks to the future, Anna and her team are ensuring that the company stays ahead of the curve, investing in both the immediate improvements and the revolutionary technologies that will shape the supply chain of tomorrow.

Building your AI Strategy: From Optimization to Innovation



Philippe De Ridder
Founder & CEO at Board of Innovation



AI is transforming how we work, live, and do business. Right now, we're in a liminal space, transitioning from the familiar world into something fundamentally new. We're moving towards a more autonomous world where AI-driven systems, products, and agents independently perform tasks, optimize experiences, and even run businesses.

This evolution represents the next significant wave of transformation, similar to moving from analog to digital. As we navigate this transformation, several foundational perspectives must be considered to effectively shape an AI strategy that ensures both immediate benefits and long-term success, suggests Philippe de Ridder, Founder and CEO of BOI (Board of Innovation).

Three Waves of AI Adoption

AI adoption will unfold in three waves, much like previous revolutionary technologies (such as electricity, mobile, and digital). Each wave provides unique opportunities for AI integration in businesses.

- **Wave 1** is about optimizing current ways of working—using AI to reduce costs, save time, and boost efficiency. This is where many businesses are today.
- **Wave 2** focuses on leveraging AI to deliver better quality and outcomes by

rethinking existing systems, examining workflows, and identifying where AI can drive improvements. This might mean redesigning processes to maximize AI's impact—shifting from simply adding AI to fundamentally reimagining how things are done.

- **Wave 3** is where things truly transform—where markets are redefined, and entirely new systems are created. Think of how disruptors like *Uber* and *Netflix* leveraged digital technology to create new categories altogether. Similarly, AI's third wave will enable personalized experiences, new business models, and redefined industries.

Treating AI purely as a productivity tool is a missed opportunity. Success in Wave 1 doesn't guarantee success in Wave 3. To fully leverage AI's potential, organizations need a vision that looks ahead to all three waves, investing today to build toward transformative future opportunities.

Cost of Digital Approaches Zero

For decades, Moore's Law has driven down the costs of computing, storage, and bandwidth. With generative AI, the marginal cost of producing anything digital—whether software, music, or video—is approaching zero. This has profound implications.

Imagine creating a Hollywood-quality movie from your desk, selecting actors like you would fonts. Today, the declining cost of digital production makes this increasingly possible. Instant user experiences (UX) where interfaces are created in the moment, ads generated in real-time, and adaptive entertainment—all made feasible by AI—are reshaping possibilities.

By next year, AI Agents likely outnumber humans on the planet. Businesses must prepare for this shift, as declining production costs, the presence of AI agents, and increasing speed are reshaping what is possible.

Setting Your AI Strategy

Simply adopting AI won't guarantee a competitive advantage. It is accessible to everyone, and the differentiator lies in how you use it.

One strategy is to be first in your industry to adopt new AI capabilities, gaining a temporary edge. A more sustainable approach is using AI to reinforce existing strengths, as *Apple* does by integrating AI to enhance product quality. Some companies may aim to create hard-to-replicate AI-driven systems or leverage AI for entirely new business models, like how *Amazon* and *Airbnb* redefined industries.

These fundamental perspectives shape your AI strategy.

An AI strategy isn't a collection of use cases—it's a vision for how to win in an AI-native world, backed by a clear plan for getting there. Start with a vision of your AI-driven future, determine your role within it, and build your roadmap.

Let's dive into the "BOI AI Strategy Framework" to create a coherent blueprint for how to win in an AI-native world.

1. AI Market Drivers: An Outside-In and Future-Back Approach

Taking an outside-in perspective and employing a future-back approach are crucial when planning your AI strategy.

- **Outside-in perspective:** Instead of focusing on your current way of working, start by analyzing external AI market drivers. Ask, "What will AI change in your industry? What will remain constant?" This approach ensures the broader landscape drives your strategy.
- **Future-back approach:** Envision what the next evolution of your business could look like—your Wave 3 transformation. Picture an AI-powered future and work backward to determine how to get there. This ensures today's actions build toward the long-term vision rather than optimizing processes that may become obsolete.

2. AI Strategy

Define your ambition with AI. This ambition must align with your overall corporate strategy—it cannot exist in isolation. AI should evolve and contribute to your broader strategic goals, especially as you consider competitive advantage.

Once you identify key areas where AI can reinforce your strengths, set clear objectives to shape your investment strategy and guide how AI integrates into your corporate

goals. For example, will AI be used for margin optimization, efficiency gains, or to drive growth?

3. AI Roadmap

Build a roadmap to drive your transformation through the three waves of AI adoption with a starting point for your future organizational “jobs-to-be-done.”

For example, in product development, AI might initially be used to analyze customer insights faster (Wave 1) or generate better insights for product innovation (Wave 2). Looking ahead to Wave 3, you could envision an AI-powered system autonomously generating and testing new products, bypassing traditional consumer insight cycles. Maintain a vision for Wave 3 and evaluate whether your current investments will still be relevant in the future. Your investments today should build towards what matters tomorrow.

4. AI Enablers

Deploying AI successfully requires more than technology—it involves Talent and Capabilities, Technology and Data Stack, Operating Models, AI Ethics and Sustainability, and AI Governance.

We’re witnessing parallel shifts from siloed decision-making to integrated systems, from executive-led to real-time insights, and from short-term ROI to long-term transformation. Understanding these enablers is critical to support a successful AI strategy.

For Every Dollar You Invest in Technology, Invest Two in People

In the quest to win in the age of AI, the real barrier isn’t technology; it’s organizational and cultural change.

Imagine building an AI system automating design workflows in seconds. If your organization still relies on disconnected silos and lengthy approval processes, you will miss out on AI’s full potential.

AI should no longer be viewed as a tool but as connective tissue, enabling seamless collaboration between humans, data, and robots. The key lies in shifting from simply using tools like *ChatGPT* to creating fully integrated systems where humans and AI agents work in harmony.

Our roles as humans are changing from creators to curators. Instead of designing everything from scratch, humans now curate and refine AI-generated content, allowing more creative energy for higher-level tasks that drive innovation.

The role of leaders is also changing. Leaders are transitioning from people and process managers to managing AI-native workflows and products. Essentially, leaders are becoming product managers for AI-driven systems—overseeing both people, the array of AI agents, and data structures driving productivity.

Driving Competitive Advantage With AI

As AI adoption continues to unfold in three transformative waves, businesses must envision a future beyond productivity, embracing new business models and entirely different operating systems. Competitive advantage in an AI-driven world will not come from adoption alone but from how well AI is integrated into a company’s core strategy and used to build lasting differentiators.

AI isn’t just technology; it’s about unlocking human potential and driving lasting change.



Fast, Cheap, and Weird



Elliott Parker
CEO at High Alpha Innovation



AI's effects are unpredictable; experiment to gather as much knowledge as possible.

First, the bad news: Your data isn't going to save you.

Elliott remembers the first time he heard the phrase “monetize the data.” About 20 years ago, a colleague on his corporate innovation team was pitching a new internal venture. After explaining the benefits to the company of the proposed venture, his coworker concluded the pitch with a hand-wavy final argument. He said with an almost theatrical flair, “And then...we'll monetize the data.” The icing on the cake!

Elliott has heard it many times since, and you probably have, too. Unfortunately, the promise of “gold in those data hills” rarely materializes in a meaningful way. The reason? Just as everyone wants to believe their child is the brightest in the class, they want to believe their data is uniquely amazing. The truth is that most data is either not as unique as the owners think it is, or not valuable outside the company that generated it. If it were, we'd see more robust marketplaces for data in the wild.

Some believe that with the widespread adoption of AI, the moment has finally arrived: big companies are going to win the AI game because they have unique data to train proprietary models. For most companies, and in most instances, this simply isn't true, for the same reasons that data monetization has *always* been hard. Your data probably isn't as special as you think it is. Yes, data is the “new oil,” but it's bubbling up in everyone's backyard.

The good news? Big companies *can* win the AI game, yet probably not in the way you think.

A Framework for Understanding How to Use AI

First, let's establish a framework for thinking about the ways big companies can use AI to:

1. **Improve efficiency:** Many companies have already found ways to improve efficiency in their operations through AI by automating or speeding up tasks. This includes applications like accelerating research, training sales staff, or getting an assist in content creation.
2. **Improve the customer experience:** Many companies are actively running experiments to improve the experience for their customers. This is nothing new in the online world; online retailers, for example, have long used sophisticated algorithms to improve purchase recommendations. Thanks to AI, the call center prompts that we all hate (“Press 1 for...”) are already feeling outdated as companies find ways to use AI to rethink how they engage with customers.
3. **Build entirely new AI-enabled business models:** This one is the hardest because the solutions aren't obvious and, for most companies, represent a significant leap from what they do today. But this is where the biggest opportunities will be found.

You may remember the early days of the Internet, when magazines were “printed” online as a digital manifestation of the physical experience, with the same layout as the print version, sometimes with an animated page turn that replicated the real-world experience. It was hard initially to imagine other formats for “magazines.” This “skeuomorphic” phenomenon arises every time a new technology becomes prevalent: we seek to apply the technology to what we already know.

Another example is that early movies looked like stage plays before filmmakers realized the new technology enabled entirely novel ways of changing scenes and following actors’ movements through an environment. We’re in the same phase of experimentation with AI. It’s hard to imagine what the novel models and applications will look like. The only way to figure it out is to run a *lot* of experiments: *fast, cheap, and weird*.

Of course, AI isn’t just any new technology. It’s revolutionary because of how it gets to the core of what humans do best—think. In many cases, even the most basic applications to improve efficiency or the customer experience require such a radical overhaul of internal company processes and resources that building something new, outside the corporation, may be required.

Building internally is more likely to lead to skeuomorphic solutions—movies that look like plays, and businesses that look like what the corporation already does. Reimagining is hard when there’s an underlying pressure to preserve what already exists.

Last year, Elliott’s team launched a startup with a large pharmaceutical company to use AI to speed up rounds of legal and regulatory reviews for marketing materials. The marketing review process can be incredibly expensive

inside regulated companies, and the pharmaceutical company they partnered with had been trying unsuccessfully to shorten the process—without compromising safety—for years.

The company’s goal in using AI, in this case, is efficiency improvement, but to get there, they jointly decided it best to launch a startup called *Revisto* with a new AI-enabled business model. Why? Because of incentives, startups can move quickly to figure out what works, without worrying about preserving what came before. In this case, the pharmaceutical company took a minority stake in the startup and signed up as the first customer. The corporation is getting a working solution—within months, not years—and learning from how the startup is applying AI to this use case, all while accruing the benefits of equity ownership.

This is what rapid experimentation looks like. Startups are experiment engines. They’re built to try things quickly until they figure out what works. In contrast, big companies are organized to execute at scale and to avoid mistakes.

The Problem With Problems

AI is going to change how companies work. It’s going to create new opportunities, and it’s also going to render many old ways of doing things obsolete. It is impossible to predict future crises, including the ways in which AI will upend your existing business model. *No precautions can be taken to avoid problems we can’t predict.* Plans are useful, but they only get us so far. What is required is a stance of problem fixing, not just planning or problem avoidance. The organizations that will win the AI arms race recognize that planning (which assumes things will go as predicted) is inferior to preparation (which assumes unpredictability and chaos).

It's important to realize that problems are inevitable, including problems posed by the threat of AI. But it's also important to recognize that all problems are solvable, as long as you have enough knowledge and wealth.

So, the only viable long-term strategy for dealing with AI is to develop a capacity for solving problems, and to have the means to enact solutions. Gather as much knowledge and wealth as you can now, so that you are prepared for any future problem that may arise.

Suppose you want to figure out how to apply AI to dramatically improve efficiency, transform customer experiences, or—more importantly—uncover entirely new business models and growth trajectories. In that case, you need to make a lot of cheap mistakes. Go and launch new ventures. And do it outside the corporation, where things move exponentially faster and breaking paradigms is incentivized. You don't have time to waste!

Take what you learn from the startups you build and apply the lessons to your already-scaled business. Your company *can* win the AI race, but not because of unique data. You can win through deep market understanding, access to customers, and the ability to apply insights *at scale*. But first, you need to acquire the insights, and the best way to do that is by running experiments, often in the form of new ventures.

Meta: A Case Study in Experimentation

Some companies are optimized for problem-avoidance, and others are optimized for problem-solving. You want to lead and be part of the latter. *Meta*, parent company of Facebook, is using accumulated knowledge and wealth to experiment with AI and augment its capability to solve bigger

problems. *Meta* is not without its challenges, but they're also in the midst of a fantastic experiment. *Meta* drastically improved its capital efficiency several years ago by reducing staff and cutting expenses by about a third.

This freed up enough cash flow to enable the company to plow \$40 billion a year into research, mostly in AI. They're investigating ways to use AI for content moderation and recommendation. They've built an AI assistant that can answer questions and generate images. They're using AI to optimize advertising. They're researching LLMs and ways to help AI models learn faster, with increased transparency. For now, most of the research is oriented around ways AI can improve the reach and efficiency of *Meta*'s core business.

\$40 billion a year in investment is impossible for just about any other company to compete with directly. Your company will likely not beat *Meta* at the AI game, at least in the way *Meta* is pursuing AI development. *Meta* benefits from a core business that generates unimaginable amounts of free cash flow, so the company can continue to fund its AI research at an advanced level for a very long time. And as AI helps improve the efficiency and relevancy of its core business, the cash flow the business produces may increase.

AI: Disruptive or Sustaining?

The question Elliott gets asked more than any other by the corporate leaders and entrepreneurs they work with is: What should we do about AI? This is the wrong question to ask.

AI is a tool (a very powerful one), but it's a technology for solving problems. A better question might be, "Is AI a disruptive or sustaining technology?" because theory tells

us, in that case, how to use the tool and who is most likely to win. “To whom” is a necessary part of the question, “Is AI sustaining or disruptive?”

For our current purposes, let’s consider a simple rubric for understanding the nature of innovation: *Sustaining innovation* helps incumbents win, and *disruptive innovation* helps new entrants win.

AI is a sustaining technology for *Meta*. Nearly all of *Meta*’s research on AI is done through the lens of its amazing core business. It’ll likely get bigger and more powerful because of it, at least for a while. Over the last 50 years, we’ve seen a shift in publicly traded companies, where intangibles create increasing returns to scale. Large company stocks vastly outperform small company stocks. But intangibles are a fragile foundation. Big companies will continue to get bigger, at least for a while, as long as—like *Meta*—they are oriented around problem-solving, not problem-avoidance.

Here’s the twist: for *Meta*, AI also promises to be an extraordinarily disruptive technology in ways we can’t yet imagine. It is surely going to help insurgents get a foothold in new products and services that will, over time, grow to erode *Meta*’s core business. AI poses both problems and opportunities for *Meta*. This is true for most organizations.

Disruption theory tells us what *Meta* should do, and it looks a lot like what they’re doing:

run lots of fast, cheap, and weird experiments to learn quickly. Sustain the core business while building the new business that will replace it. *Meta* is directing USD40 billion to the effort.

If you’re not *Meta*, disruption theory also tells you that you shouldn’t try to compete with *Meta* head-on in how *Meta* controls and uses AI. You need to differentiate, play by different rules, shift the dimensions of competition, and find other ways to win. You need to accumulate knowledge about *how* to do that and wealth so you *can* do it.

Get Moving: Accumulate Knowledge Through Experimentation

Strategies to prevent predictable problems are bound to fail eventually and are incapable of dealing with unpredictable problems. To prepare for those, you need rapid accumulation of knowledge and as much wealth as possible. Run more experiments: fast, cheap, and weird. Corporations can do this most effectively by launching external ventures, with governance systems, incentives, talent, and processes optimized for the fast accumulation of knowledge.

After all, you don’t just have *Meta* to worry about. Venture capitalists and other would-be competitors are investing billions of dollars *right now* to create your company’s AI-enabled replacement, so *get moving*.



AI as a Catalyst for Human-Centric Innovation: Empowering Leaders to Drive Impact



Alexandre Barthel & Ghislain de Juvigny
CMO at Agorize | CTO at Bloomflow



As AI's importance in innovation management increases, so does the need for innovation leaders to lead its integration. Alexandre Barthel, CMO at Agorize, and Ghislain de Juvigny, CTO at Bloomflow, pooled conversations and insights from their clients, guiding you to navigate this important journey successfully.

AI seems to have passed the hype cycle at an impressive speed. It went from buzz to valley of disillusion to, for certain applications, trying to enter the age of reason.

It's now the responsibility of innovation leaders to help drive AI into this mature era, starting with their own tool: The innovation management platform.

This article dives into how these leaders can leverage AI effectively while keeping human creativity and long-term impact at the center of innovation.

Building a Symbiotic Relationship Between Humans and AI

AI works best when it complements human skills. The role of AI isn't to replace human intelligence but rather to support it at a time when ROI now governs innovation. AI enhances human creativity and decision-making by offering insights and recommendations. It can handle massive amounts of data and be available 24/7 worldwide, but it always leaves the final judgment to the decision-makers.

AI is transformative for innovation management, but the use case must be clearly defined when it comes to innovation and ideation, like every other topic.

Define use cases first. Focus on the problem AI should solve rather than deploying AI for AI's sake.

AI excels at data analysis, automation, and information retrieval. Yet, it could also be an excellent copilot for creativity. Nonetheless, human oversight and strategic direction are non-negotiable. Humans bring creativity, contextual understanding, and ethical judgment—areas where AI must be steered.

When united into a symbiotic relationship, the two can become a powerhouse that shapes essential dimensions of the innovation process. It's important to take precautions, “the gap arises when we become technocentric and forget the use case,”—said Emeric Lopez, AI National Initiative & Social Impact Director at Microsoft.

An interesting approach is to use AI for repetitive tasks like data analysis or automation so your team can focus on strategic thinking and creativity.

The Evolving Role of Innovation Leaders

Innovation leaders play a key role in integrating AI into their organizations. One of the best ways to do this is by showing that they can incorporate it into their own innovation processes. To successfully guide this implementation, they must balance leveraging AI opportunities and keeping humans at the center of innovation.

The application of AI is particularly interesting in a few dimensions of the innovation process.

1. Program creation and fostering collaboration

Without innovative minds, there is no innovation. Hence, each innovation process is preceded by a creative phase to brainstorm problem statements, identify groups of relevant innovators, and then activate those groups to push ideas into the innovation funnel. An AI tool configured to your needs can be an excellent sparring partner to develop proven innovation project briefings that match your frameworks and communication assets that align with company goals. Among the best examples we have seen, some of our partners have defined a canvas to describe their projects and used AI to scale that inside their organization in different business units.

In addition to strategic problem statements or strong target audiences, effective internal collaboration can significantly impact the success of innovation projects. With smart AI tools integrated into an innovation management platform, it has become easier to break down silos. AI can link solutions from one innovation program to relevant parties inside the organization. Solutions linked to subject-matter experts for assessment will lead to higher success rates. And alerting

business units throughout the organization of relevant submissions allows the entire company to benefit from one team's efforts.

2. Innovation scouting

External innovation with startups, students, researchers, and developers is highly rewarding. Nearly 70% of Forbes' Top 100 companies continuously collaborate with startups alone.

Yet, this approach relies on innovation leaders to develop effective scouting methods. There are many ways to scout: manually by using specialized platforms, attending relevant events, or hiring scouting experts internally or externally. While the former can be effective, albeit time-consuming, when you know what you're looking for, the latter will deliver vetted startups aligned with niche problem statements. The split between the two methods depends on an organization's needs, available resources, and internal capabilities.

We've seen how AI is already starting to streamline the scouting process in different ways. It helps companies search directories based on problem statements, structure data according to criteria (beyond traditional funding information usually shared by databases), automate data entries, and keep portfolios on innovation platforms updated. As a result, more time and budget are freed up for expert startup scouting, filling the remaining gaps, and setting the innovation funnel up for maximum impact.

3. Decision-making where it matters

Innovation funnels are built around a series of assessment steps that guide whether an innovative idea or project advances to the next stage. With a few hundred submissions per project on an innovation platform, the number of decisions to be made can be staggering. Then, further in the funnel, it can

be challenging to track the impact and ROI of different projects across fields and aggregate them so that they drive the overall strategy.

AI can support innovation leaders by identifying which solutions to consider first and can auto-assign advanced labels to each submission made on the innovation platform based on a set of objectives. It can also help structure and normalize data from these various projects, leading to better impact reporting.

Human assessment can—and should—never be fully eliminated from the various innovation processes and tasks. AI can't capture true contextual understanding or ethical judgment; both are integral to making the right investments.

By using AI, decision-makers spend less time on automatable tasks and more time where it matters most.

Driving Impact With AI

In recent years, AI has been on everyone's lips. Innovating without trying to integrate AI tools has become nearly unimaginable. Yet, research shows a significant gap between its use and its positive impact. For example, while nearly 44% of companies use AI to support the idea creation process, merely 13% reported a positive impact of AI for this purpose.

Thus, even though the development and efficiency of AI tools are improving rapidly, these tools must be integrated carefully to help achieve the desired innovation outcomes:

- Many conversations have been about technology, but after validating its compliance (security, confidentiality,

alignment with AI-tooling strategies, etc.), the goal is to focus on usage and effectiveness.

- AI tools must be adaptable, with human-centric interfaces that allow for human oversight, intervention, and decision-making at all times.
- The real value of AI unlocks when tools support multi-faceted customization. Seamless integration of historical and current data sets provides contextually relevant and comprehensive recommendations. Customizability of criteria, queries, and filters aligns AI automation with strategic objectives.

Support Where It's Beneficial

In a field where leveraging collective human intelligence is the core of its approach, integrating AI tools is transformative yet delicate. From simple data management to enhancing innovators' self-invented contributions, the range at which AI tools might interact with the innovation process is broad.

It's up to innovation leaders to manage the adoption of these tools so that they drive positive impact where it's needed most.

Interestingly, this also means there's an opportunity for innovation leaders to drive AI-powered projects in the organization at large. By trying to design, test, and scale AI use cases with their tools, they can lead by example and will be better at managing strategic portfolios of AI initiatives.

When done so, AI will be a true catalyst for human-centric innovation, propelling companies to new heights, where AI tools empower leaders to create value with long-term strategy and culture at the heart of their drive.

▶ From Theory to Practice: How Telefónica is Harnessing AI to Transform Innovation



Susana Jurado

Head of Telefónica Venture Builder at Telefónica



Telefónica, a global telecom leader with over a century of history, is harnessing the power of AI to transform how the company approaches innovation and product development.

Susana Jurado, from *Telefónica's* venture builder, shares the journey so far of applying AI to innovation processes, revealing both the exciting potential and the challenges along the way.

The Rapid Rise of Generative AI

"I've been working in innovation for 25 years, and I've never seen a technology evolving so fast," Susana shares. Her team started exploring generative AI (GenAI) last year, not just as an enabler for new products and services but as a way to increase productivity within innovation processes. The challenge? Keeping up with the pace of change. "If you are not continuously updating, you're completely obsolete in less than three months," she emphasizes.

Testing AI in Innovation

Telefónica's journey into AI began with a strategic approach. Susana's team first analyzed more than 50 tools, classifying them into three categories:

- **Wrappers:** Wrappers are tools that solve temporary problems, usually bridging the gap between the user and the API of a model. These short-term fixes are at high risk of obsolescence.

- **Promising:** Promising tools are those that show potential but require further development and maturity before they can be used effectively.
- **Wow:** Wow tools are those that solve real problems, and already offer tangible benefits. Tools in this category can drastically increase the productivity of innovation efforts.

The Potential of "Wow" Tools

One example of a "Wow" tool is *GitHub Copilot*, which allowed a non-developer on Susana's team to create a functional prototype for an HR startup in just three days. "The expert in AI used *GitHub Copilot* to create the backend with a simple phrase: 'Now, create the frontend for me.' And in just a few days, we had a working prototype," Susana shares. Being able to prototype without in-depth technical expertise significantly shifts the innovation playing field.

Another prototyping tool that impressed the team was *Durable*, which can generate fully functional landing pages in just 30 seconds. "Prototyping takes time, but with tools like this, you can build and test ideas almost instantly, saving so much time," Susana notes.

Tools like *Bing GPT*, which *Telefónica* adopted for its privacy features, allowed teams to skip the obvious first steps in brainstorming sessions. “Why waste the first half-hour discussing the usual ideas?” Susana explains. “We use AI to generate structured scenarios so we can start working on more meaningful conversations immediately.”

Personalized Automation

In addition to experimenting with out-of-the-box tools, Susana’s team has developed custom AI solutions that fit their specific needs, a practice she calls personalized automation. “Sometimes, instead of adapting to existing tools, you want to build something that fits how you work,” she says.

One simple yet effective tool is their in-house toolkit, designed to enable them to generate a hundred ideas in minutes. “It’s a huge boost, especially during ideation.” However, human involvement is still needed to refine these ideas and avoid what she calls the “brother-in-law effect”—or AI hallucinations. “It’s like that one relative who always has an answer for everything but isn’t always right,” Susana explains.

One example is the creation of synthetic experts to train AI models. In a business case for an HR startup, the team needed to improve results while reducing costs. Instead of hiring human experts to train the models, they created synthetic experts to handle the task. “In one day, we were able to train the model and validate the results. It was a fraction of the cost,” Susana shares.

Another project involved the automation of market research by creating AI-driven agents. These agents continuously update market data, presenting the latest trends in real time through personalized dashboards. “The problem with traditional market research is that it’s outdated almost as soon as it’s done,”

Susana says. “With AI, we can have up-to-date insights at our fingertips.”

Susana emphasizes the value of a well-designed toolkit over specific tools. “It’s not about one magic tool; it’s about a process where we mix different AI model outputs, then refine them with human insight.”

Challenges in AI Adoption

Despite AI’s many advantages, several challenges are associated with adopting this technology. One of the biggest hurdles is keeping up with the fast pace of development. “You have to stay updated constantly, but you can’t get lost in the sea of tools and models,” Susana cautions.

Another challenge is knowing when to build and when to wait. In some cases, *Telefónica* chose to wait for tools and models to mature rather than creating solutions in-house. “We were developing a user research co-pilot, but the models weren’t ready to give us exactly what we needed. So we waited, knowing they’d catch up soon,” Susana recalls.

Perhaps most importantly, *Telefónica* is committed to avoiding the AI divide, ensuring that no one is left behind as AI technology evolves. “We have a responsibility to include ethics, fairness, sustainability, and accessibility in everything we do. It should be part of our DNA as innovators,” Susana stresses. The company’s strategy includes extensive training programs for employees on data security, for example, to mitigate unintentional sharing of sensitive information via AI tools.

Susana also addresses the challenge of gaining organizational trust in AI-driven output. She believes that innovation teams must set precedents before company-wide adoption. “As innovators, we play a transformational role, pushing the boundaries of what AI can achieve.”

Future Possibilities

The journey of innovating with AI is far from over. As Susana highlights, “We’re still at the beginning of the road, and the possibilities are endless.” AI is rapidly transforming how

innovation is approached and executed, so we must learn how to harness its power responsibly and effectively. The key is in adopting the latest tools and combining AI’s capabilities with human insight to create truly transformative results.



Beyond the hype, the real impact of AI on innovation management is...

... giving early movers an unbeatable edge—cutting through noise to spot real opportunities and make faster, smarter bets. We’ve consistently seen outperformance with tailored AI models generating innovation ideas that, when chosen by humans, outperform human-generated ones. I have the data, if you want to see it :-)

Christian Mühlroth, ITONICS

... to rapidly test novel ideas with the use of synthetic personas (customized GenAI) before writing a line of code, or even talking to a real human. (Don’t do it today—but it’s coming)

Tristan Kromer, Kromatic

... “Surprisingly, not as much as one might think—at least not yet. Given the current excitement, this may sound counterintuitive. But at its core, AI is just another tool to enhance existing innovation processes and to explore new business models, including those leveraging AI itself—but more on that in a moment.

The biggest challenge is that most businesses place unrealistic expectations on AI. Its most obvious application is as an efficiency driver—cutting costs and automating processes. While this is necessary to remain competitive, it’s also just the baseline for survival in today’s market. Let me state the obvious: cost-cutting won’t generate growth.

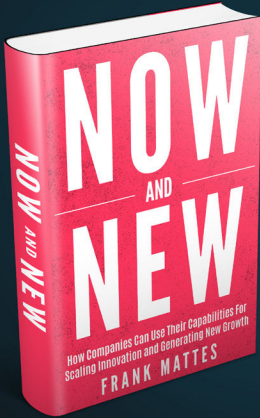
The fundamental barriers to unlocking growth from genuinely new business models remain unchanged. These challenges—collectively known as the innovator’s dilemma—are as relevant in the AI era as ever.

Another widespread issue is a lack of strategic focus. Too many companies approach AI with a ‘let’s explore this cool technology!’ mindset, rather than starting with the core business problems they’re trying to solve. They treat AI as a silver bullet for all challenges, but without being crystal clear about their strategic goals. That’s a recipe to make AI a distraction, rather than a solution. AI is a powerful tool, but it’s not a savior—and it’s certainly not a replacement for thoughtful, disciplined innovation management.”

Jan Sedlacek, Stryber

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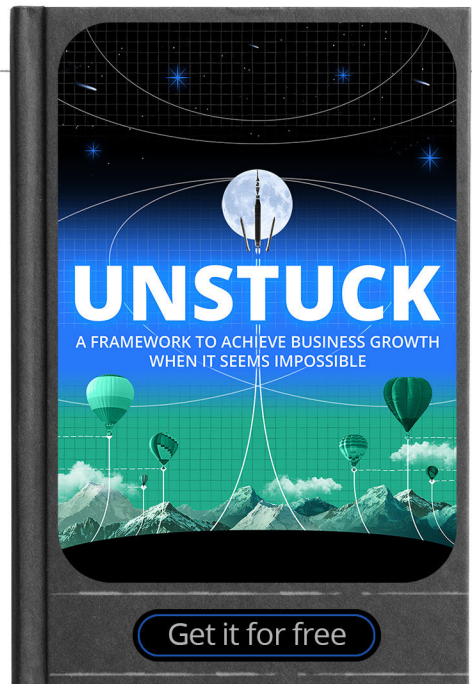
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Governance & Portfolio Management

▶ The Innovation Finance Mindset: Aligning Innovation and Finance for Sustainable Growth



Rafael Chaves Lopes
Managing Partner & CEO at TRIMARAN



The divide between innovation teams and financial executives can be vast. Innovators typically struggle with securing budgets, while CFOs wrestle with the uncertainty and unpredictable returns that come with funding disruptive projects. But what if innovators saw their CFO as their best friend instead of seeing finance as a hurdle?

That's exactly what Rafael Chaves Lopes believes is possible. By aligning innovation and financial strategies, organizations can overcome the barriers that often derail even the most promising ventures.

Why Disruptive Innovation Feels Like a Gamble

"Innovation has many forms, but true horizon-three transformation is the hardest to predict and measure," Rafael explains. He points out that while "innovate or die" is often quoted in boardrooms, most organizations struggle to reconcile the short-term pressures of ROI with the long-term uncertainty of disruption.

"What leadership often doesn't get is that disruptive innovation is the repository for your future," Rafael says. "Yes, it's uncertain, and there's no track record, but it has the potential to bring disproportionate returns." However, Rafael also warns, "We are unconsciously setting ourselves up for failure every time we try to build disruptive innovation by unknowingly increasing our own exposure to risks." This highlights the critical need for organizations to address the psychological and structural challenges that hinder effective innovation strategies.

This clash between the uncertainty of disruptive innovation and the CFO's focus on predictability often leads to a disconnect between the two departments. Innovators feel pressured to show quick results, while finance teams are more concerned with protecting the company's bottom line. Ultimately, the goal should be to help both sides speak the same language.

The Language of Innovation Finance

"Finance is the common language between innovators and non-innovators," Rafael explains. The challenge, however, is that most innovators don't fully understand corporate finance, and CFOs aren't always versed in the nuances of innovation. Rafael also points out two common mental barriers: loss aversion bias, where the fear of losing money outweighs the potential for gains, and the sunk cost fallacy, where people keep funding failing projects because they've already invested so much. These biases make it harder to stop underperforming ventures, increasing risks.

He highlights the importance of learning the principles behind innovation finance, which operates differently from traditional corporate

finance. Corporate finance is based on predictability, while innovation finance is about uncertainty management. To bridge this gap, Rafael introduces the idea of using probabilistic models to make decisions in the face of uncertainty.

He likens traditional corporate finance to the Gaussian distribution (bell curve), which assumes that most outcomes will cluster around the average. While this approach works for predictable, repeatable processes, it falls short when applied to disruptive innovation, which operates under a power law distribution. In a power law environment, extreme outliers, such as the next unicorn startup, drive the majority of returns.

Embracing the Power Law: Why Big Wins Matter

With power law distribution, a few big wins generate the most value. “Think of it like this: if Elon Musk walks into a coffee shop, the average net worth of everyone in that room skyrockets. That’s the power of outliers,” Rafael says.

The key to navigating this uncertainty lies in portfolio thinking. Instead of placing all bets on one or two large projects, companies should spread their investments across a portfolio of smaller ventures. “In innovation, being wrong many times is okay if you’re right once. One big win can more than compensate for 99 losses,” Rafael explains.

Rafael uses a sailboat analogy and the imaginary destination “Uncertainty Island” to explain how companies can manage their innovation portfolios. “Imagine each of your innovation projects as a sailboat heading toward the island of ROI, hidden by fog. You don’t know exactly where the island is, but by monitoring each boat’s direction, you can see which are pointing the right way and which are veering off course. This allows you to

reallocate resources and remove boats going nowhere while putting more into those on the right track.” This approach can help companies increase their chances of finding the big wins that will deliver disproportionate returns.

Metered Funding: A Smarter Approach to Innovation

Metered funding is a strategy for allocating resources incrementally as evidence emerges from experiments and market tests. This approach allows companies to adjust their investments based on real-time data, minimizing risks while still giving innovative ideas room to grow.

“With metered funding, you’re not committing millions upfront. You’re providing just enough capital to test assumptions and validate ideas before deciding to invest further,” Rafael explains. This iterative funding model, combined with regular decision points (or gates), ensures that resources are allocated to ventures that are proving their worth while underperforming projects are cut early.

Why CFOs Should Love Metered Funding

For CFOs, metered funding offers a clear financial advantage: it minimizes waste and maximizes ROI. This approach allows finance teams to fund innovation without the fear of sinking large sums into unproven ideas. CFOs can see exactly where money is being spent, how much risk is involved, and where potential returns lie. Plus, it’s all based on real data, not speculation.

A mindset shift is necessary from one of certainty to one of probability. Instead of focusing solely on predictable returns, CFOs should embrace the idea that funding multiple small projects increases the odds of finding that one breakthrough that will deliver massive returns.

Rafael likens it to the odds of a coin flip. If you test 10 ideas with a 10% chance of success each, you have a 65% chance of at least one of them succeeding. But if you increase the number of ideas to 24, the odds jump to 92%. This demonstrates how testing more ideas, even with low individual success rates, significantly improves the overall probability of a successful outcome. By showing that more projects increase the chances of success, innovators can frame the conversation with the CFO as a strategic move, highlighting how additional investment boosts the likelihood of breakthrough results and higher ROI.

Speaking the CFO's Language: Demonstrating ROI

One of the most challenging aspects of innovation is proving ROI to leadership. Rafael emphasizes that innovation teams need to learn how to quantify the return on innovation and communicate it in a way that resonates with finance departments. "It's not just about experimentation metrics like traction or validation. The board and shareholders are looking for financial forecasts—EBITDA, revenue growth, and profitability," Rafael says.

By aligning innovation metrics with financial outcomes, innovators can build a stronger case for sustained investment. Rafael suggests using tools like innovation

dashboards that connect experimentation outcomes with financial performance, allowing CFOs to see how individual projects contribute to the company's overall strategy.

The relationship between innovators and CFOs should be a partnership. "When innovation teams and finance work together, you create a virtuous cycle. As successful ventures emerge, you'll secure more funding, attract better talent, and get even stronger ideas into the pipeline," Rafael explains.

He encourages innovation leaders to bring CFOs into the process early, making them part of the decision-making framework. "The more your CFO understands the innovation process, the more likely they are to back your projects."

A New Approach to Innovation Finance

Innovation doesn't have to be a financial gamble. By embracing probabilistic thinking, using metered funding, and speaking the CFO's language, companies can unlock disruptive innovation's potential without risking their financial health. As Rafael puts it, "Your CFO should be your best friend in innovation. When you align finance and innovation, you're no longer fighting for resources—you're working together to build the future."

▶ The Science of Predicting ROI in Early-Stage Innovation



Tristan Kromer
Founder & CEO at Kromatic



Calculating return on investment (ROI) can feel like an impossible task, especially in early-stage innovation, where the level of uncertainty is high. It's a delicate dance between predicting the unpredictable and managing stakeholder expectations.

For corporate innovators struggling to convince the CFO to back innovation projects, Tristan Kromer, founder of *Kromatic*, shares how you can bridge the gap between vague early-stage predictions and demanding financial expectations from the C-suite.

More Than Just Sticky Notes

A common frustration for innovation teams is the pressure to define ROI early in a project's life cycle. Tristan explains, "It's like asking a one-year-old about their college LSAT scores. It's just too soon." Yet, he acknowledges that that same project, after two to three years, can no longer dodge the ROI conversation. "At some point, the CFO will come to you and say, 'If you don't talk to me about money today, I'm going to take away your money. And I really don't care how many sticky notes you have on your business model canvas,'" Tristan warns.

The challenge is to move beyond oversimplified startup advice of "just focus on your business model canvas" without any financial forecasting. "While we know those early financial projections are often meaningless," he explained, "you can't ignore ROI indefinitely." Much like startups, large organizations require tangible metrics, but for innovation teams, this often leads to an uneasy balance between optimism and cold, hard numbers.

Moving Beyond Ping Pong Tables

Innovation culture is essential, but not the ultimate goal. Tristan criticizes how, over the years, corporate and startup innovation teams have sometimes drifted away from focusing on outcomes, becoming obsessed with cultural symbols like ping pong tables or beanbag chairs instead. "Innovation can't just be about having fun," he states. "Your

organization has a real goal, whether profit, environmental impact, or cost reduction. Innovation has to support that goal."

For most organizations, that goal ultimately means money. While cultural shifts are important, they can't replace the necessity of showing financial value. Innovation must be measurable.

Talking the CFO's Language: The Power of Monte Carlo Simulations

"Innovation is not like chess; it's like poker," Tristan says. With early-stage projects, just like in poker, you don't know what cards you'll get. There is, however, a range of possible outcomes.

The Monte Carlo simulation is a practical method for defining that range and managing uncertainty in innovation projects. Tristan likens predicting ROI to a hurricane map that shows possible storm paths. "In innovation, we can't predict the exact outcome, but we can narrow down possibilities over time."

Monte Carlo simulations allow teams to express a range of possible outcomes rather than pinning all hope on a single prediction. "Instead of giving the CFO an exact number and being terrified when you miss it, this approach allows you to show a range with a best-case and worst-case scenario." It's a way of talking to finance in their language without relying on guesswork.

Reducing Uncertainty

By using a financial model that includes variables and ranges, innovation teams can engage in more productive conversations with finance departments. In essence, innovation leaders can say, "Here's our best-case scenario, our worst-case, and what's likely to happen in between." The focus

shifts from delivering a specific number to narrowing the range of uncertainty.

“This is a conversation you can have with the CFO proactively. Your goal is not to achieve a specific number; it’s to reduce the possibilities and narrow the range of the prediction into something more coherent and actionable,” Tristan explains.

Using a tool such as the Kromatics Monte Carlo financial modeling template, project leaders can input the variables and get tangible results in as little as 2 hours. “It allows us to put in those ranges and get an output that shows which of these uncertainties actually impacts the outcome the most.”

Prioritizing Experiments: Focus on What Matters

The methodology helps with communication and also with prioritizing innovation efforts. Through tools like Monte Carlo simulations, teams can identify which areas of uncertainty (customer retention or referral rates, for example) are most critical to the project’s outcome. “It’s not just about running experiments for the sake of it,” Tristan emphasizes. “You want to focus on the experiments that will reduce uncertainty the most.”

This structured approach ensures that innovation teams are not just guessing but making data-driven decisions about allocating their time and resources. Ultimately, the goal is to turn innovation from a cost center into a strategic investment that drives real ROI.

Innovation as a Partnership

With the right mindset and tools, predicting the future of innovation doesn’t have to feel like guesswork. Instead, it can be a structured, data-driven process. For innovation teams to thrive, they must bring finance into the fold, not as adversaries but as partners. Tristan encourages teams to engage finance departments early, helping them understand the uncertainties inherent in innovation. “The worst thing you can do is wait until the CFO is banging on your door,” he stresses. The takeaway message is clear. Don’t shy away from the ROI conversation; tackle it head-on with the right tools, language, and mindset.

In the world of innovation, there are many unknowns. However, with strategies like Monte Carlo simulations, the fog of uncertainty can be navigated, giving innovation teams the tools to predict ROI with better accuracy and more power to gain support from the top down.

Innovation Funding: Keep Your Options Open



Doug Williams

Associate Director, Innovation at SmartOrg, Inc.



The VP of Innovation was in a muddle. The AI-enhanced innovation discovery process she had implemented provided some validation for a new-to-world product idea. However, when the team put together the business case, the baseline *Net Present Value (NPV)* was low, and there was still a lot of uncertainty.

The project could be a huge win and enable the innovation team to hit its growth objective in one fell swoop, but it also might sputter and turn into a costly failure. With the first gate review coming up tomorrow, she had a “yes or no” decision to either fund the rest of the project and hope for the best or kill it in favor of less-risky projects that were safer bets.

What’s wrong with this scenario?

Innovation leaders constantly face tough decisions about which projects to pursue, pivot, or abandon. For many, too much emphasis is placed on rigid go/no-go decisions for early-stage ventures—and the investments that go along with them. A standard NPV calculation may not tell the whole story: the time horizon is long, and the assumptions are highly likely to be flat-out wrong. But what if there was a way to keep options open and adapt as the team learned more and the opportunity evolved?

Enter *Real Options Analysis (ROA)*, a framework for navigating uncertainty, allowing organizations to invest incrementally, test the waters, and pivot based on new information. By treating innovation opportunities as a series of options for investment rather than all-or-nothing bets, companies can more effectively manage risk and pursue (and seize) high-reward opportunities. In this article, we’ll explore how implementing *ROA* in innovation decision-making can help organizations maximize their potential while safeguarding against costly missteps.

Real Options Analysis Creates Flexibility in the Funding Model

ROA brings flexibility to decision-making by recognizing the value of strategic choices available over time. While NPV assumes a static approach to project valuation, *ROA* allows organizations to treat investments as

a series of options that can be exercised, deferred, or abandoned based on evolving conditions. This approach is particularly powerful in innovation, where uncertainty and potential technological shifts, market demand, and costs can significantly impact outcomes.

In innovation, several types of Real Options can be applied. For example, the “option to expand” allows a company to increase its investment in a project if initial results are promising. This could be as simple as funding the next experiment to improve confidence in the business case. The “option to defer” lets the organization hold off on further commitment until more information is available. Additionally, the “option to abandon” gives the flexibility to exit a project if it no longer appears viable, saving resources for other opportunities. Applied correctly, *ROA* can prevent the creation of un-killable “zombie projects” (due to significant prior investment).

ROA aligns well with the uncertain nature of innovation, where many projects involve high potential but also considerable risk. By quantifying the value of flexibility, *ROA* enables decision-makers to pursue high-potential, innovative projects that might be rejected under traditional valuation methods. In essence, *ROA* transforms the innovation process from a static “go/no-go” decision into a dynamic pathway of strategic options, enhancing both risk management and innovation potential.

ROA Simplifies and Accelerates Innovation Decision-Making

ROA empowers organizations to balance risk and reward more effectively, pursuing innovative projects with the confidence that they can pivot or pause based on real-time conditions. Implementing *ROA* in innovation brings several key benefits, namely:

- **Flexibility in decision-making:** *ROA* allows innovation leaders to adjust their course based on new data, market shifts, or technological advancements. This flexibility is crucial in innovation, where initial results may indicate the need for further experimentation or prompt scaling. *ROA* essentially turns innovation investments into a series of learning checkpoints, each with the potential to expand, defer, or even abandon the project based on updated assumptions that are reflected in the business case.
- **Enhanced risk management:** In innovation, risks often stem from unknowns—market readiness, regulatory changes, or feasibility issues. *ROA* quantifies the value of waiting to commit resources fully, allowing organizations to defer or scale investments only when the project reaches a certain level of confidence in the business case. This measured approach helps organizations manage risk exposure, allocating resources gradually and, thereby, reducing the financial impact of any single project.
- **Increased innovation potential:** Traditional financial metrics can discourage high-potential but high-risk projects, as they tend to favor predictable returns. *ROA*, by contrast, quantifies the value of options within these riskier projects, making it easier for decision-makers to greenlight innovative ventures that carry significant upside potential. *ROA* enables companies to explore more ambitious innovation pathways without needing an immediate return, increasing the likelihood of breakthrough successes.

Adopting *ROA* is Easier Than You Think

If *ROA* fits so well with innovation, why aren't more companies doing it? There are three likely reasons, but none of them should

stand in the way of *ROA* adoption. Here is our guidance:

1. **Start simple:** Sophisticated *ROA* involves sophisticated financial modeling, which can be a hurdle for teams unfamiliar with options-based thinking. However, there are tools available, like *SmartOrg's Innovation Navigator*, that can help ease the transition. With a focus on early-stage innovation opportunities, it helps define a business case that incorporates ranges of assumptions, which then produces ranges of NPVs. Furthermore, it uses Tornado Diagrams to identify where uncertainty exists in the business case. This defines one form of Real Option: run this experiment to change this assumption and improve our business case output by this amount.
2. **Use ranges of assumptions:** Effective *ROA* relies on accurate data regarding project volatility, expected returns, and timeframes. In innovation, however, reliable data can be scarce or challenging to estimate, particularly for highly innovative or experimental projects. By relying on assumption ranges instead of single-value inputs, tools like *Innovation Navigator* reduce the demand for defining precise numbers early on when uncertainty is high. By running experiments on the aspects of the business case with the highest uncertainty, teams can accelerate and improve punt/pivot/persevere decisions.
3. **Demonstrate a quick win to shift the culture:** People tend to resist change, even if it's good for them. However, as innovators, we should all respect the fact that there may be a better way than how we do things today. If there is resistance to the idea, it's best to start small with one portfolio, prove the concept, and then expand. In time, the mindset toward option-based investments will be natural.

ROA provides a powerful framework for innovative decision-making, especially in the face of high uncertainty and the potential for groundbreaking success. It enables organizations to treat innovation investments as a sequence of strategic choices, each offering the flexibility to expand, defer, or abandon a project based on emerging insights.

This approach empowers innovation leaders to manage risk more effectively, pursue high-potential projects that may otherwise be overlooked, and make adaptive, data-driven decisions. The benefits of embedding ROA into the innovation process—flexibility, enhanced risk management, and increased innovation potential—can be game-changing for companies aiming to lead in today's competitive landscape.

▶ Can Innovation Speak the Language of Finance?



Tristan Kromer, Dan Toma & David Matheson

Founder & CEO at Kromatic | Author and Co-founder at OUTCOME |
President and CEO at SmartOrg



Communication between innovation teams and finance is often one of the biggest obstacles to innovation. While Chief Financial Officers (CFOs) speak in the language of long term financial forecasts, EBITDA, and other finance-driven KPIs, innovation by its very nature has no guarantees. So how can innovators bridge this gap, navigating the inherent financial uncertainty of their work to gain leadership support and secure budget?

Tristan Kromer, founder of *Kromatic*; Dan Toma, author and co-founder of OUTCOME; and David Matheson, co-founder of *SmartOrg* share their thoughts on how to better align innovation work with financial goals, get the backing of the CFO and ultimately make innovation happen.

The 'Us vs Them' Mentality

Innovators and finance teams don't tend to play nicely together. It's not hard to understand why, when we consider the fundamental difference in their work.

For innovators, their goal is to come up with new ideas for products and solutions, which more often than not will fail. They typically

operate within a very immediate time frame, concentrating day to day on the next steps of their project.

Finance professionals, on the other hand, need to secure the long term future of the company. They're risk averse, and the prospect of funding projects with very little chance of success, and uncertain future financial outlooks understandably makes them uneasy.

More often than not, this leaves innovators and finance working at cross-purposes. For David Matheson, this is a huge frustration, as it prevents innovators and finance from having the right conversations with each other.

“The finance people are actually asking a critical question, which is: how do we grow? How do we make the business work?” he says.

“People in innovation need to answer that question, but the way the finance people ask it, where they ask for a promise, or some assumptions that they’ll hold innovators accountable for is actually very dysfunctional. Getting these folks talking effectively about uncertainty is therefore key.”

“I’ve never met a CFO not interested in growth,” Tristan Kromer adds, “but they’re worried about investing a lot of money in speculative ideas. That’s the point about uncertainty. They don’t perceive the innovation team’s actions as designed to eliminate risks, they perceive them as actually increasing risk.”

Responsible Innovators Take Accountability

To navigate this, innovators have their part to play in behaving responsibly—something that often isn’t helped by an image that depicts them as wanting to do new and exciting work, but not taking accountability for the results...

According to Tristan Kromer, the immaturity sometimes shown by innovators in this respect is problematic. Their experimental, “fail-fast” way of operating can be perceived by finance as an attempt to circumvent the safeguards and bureaucratic procedures that have been put in place to protect the company, and is another contributor to the “Us vs Them” mentality.

However, when they behave responsibly, innovation teams can actually show they’re working to reduce the risk associated with their projects, by running experiments to gather information and adjust their course accordingly. This demonstrates they do care about business outcomes and is likely to help get finance on board.

Framing Risk Positively to Find Common Ground

Although innovators and finance ultimately want the same thing—the success of the company—they have very different approaches to uncertainty and risk.

For a CFO, risk is typically understood as the chance that different areas of the business won’t meet their financial commitments. Innovators, on the other hand, focus more on the positives—on what could be gained if they manage to make their ideas work. This difference in perspective puts the onus on innovators to describe the upside of their projects to finance, and ask for the resources they need to get them off the ground.

“If you communicate in a positive way, then your proposition to the CFO is, here’s this crazy idea. I know it’s pretty much wrong, but I want a little bit of money to see if it will work, or a part of it will work,” David says. “But typically, the innovators focus on the wrong questions.”

“They don’t often answer the questions that the business folks want answered, they just go make the thing. So they induce this risk-framing, as opposed to an upside-framing. Then, in the absence of clear, big goals, with clear assumptions that need to be tested in the context of a supporting business case, the CFOs have no choice but to default to their risk logic.”

Dan Toma is sympathetic towards finance here. “I will always 100% stand behind a CFO asking for a business case from day one,” he says. “I don’t think the problem is the question, it’s how the questions get answered and translated back.

Because if the CFO asks for a business case, the innovation team often assumes they’re expected to create a spreadsheet with

literally hundreds of columns. That's going to create a stalemate—finance and innovation are going to end up hating each other.

But if that conversation is turned around, into 'what assumptions do you have in your business model? And how will those assumptions impact future success?' Then I think they will find common ground," he adds.

Measuring in the Right Way to Communicate Progress

With miscommunication between finance and innovation a real challenge, it helps if innovation teams provide tangible metrics on their work. But what should they measure?

Dan questions the value of typical metrics used by innovators in recent years. "We're just measuring anything," he says. "And this is why so many labs are getting shut down nowadays.

For the past 10 years, we've been mostly measuring vanity metrics—things like the number of workshops we've done, the number of post-its we've used, the number of participants at our f*ckup night events..."

David is a little more charitable, referring to these things as "activity metrics"—which are easy things to measure and show that innovators are making some progress. The problem, however, is that they just haven't held themselves accountable for business results when undertaking innovation activity, failing to think critically enough about the financial side of things.

"Reporting the number of meetings and things like that, is generally a way that people measure the culture change aspect of the innovation department. But when we want to measure the actual impact of projects it has to come back to a KPI the business is already measuring like growth, or ROI," he says.

For Tristan, the first step towards having a coherent conversation is for innovators to start expressing these numbers as a range, to communicate the level of uncertainty associated with it. "Instead of saying, 'I'm going to increase growth by from 1% to 2%', or 'my growth target is going to be \$10 million this quarter', we need to say that this innovation project is going to result in somewhere between \$10 million and 0. That's the level of uncertainty," he states.

"Then we can start to talk about how the team ran an experiment, and narrowed the range. And now I'm pretty sure I'm not going to reach \$10 million, but it might be 8, and it could be as low as 3.

If we can start talking about the range, then we're communicating that critical piece of uncertainty, which is never communicated by just arbitrarily saying, I'm going to have 25% growth this quarter. That just doesn't make sense."

From Conflict With Finance, to a Business Win for Everyone

David shares an example of a company whose innovation team resolved a conflict with finance, and in the process uncovered a much greater business opportunity.

"I worked for a company that makes materials for cell phone antennas, and they were trying to get into frequency-hopping radios for the military. It's a very hard materials problem for a lot of interesting reasons, but they wanted to take vehicle antennas from something that's the size of a pizza box—which identifies them as targets—to something you can hold in your hand.

This was incredibly important and everybody agreed it was a top, strategic priority to focus on. But finance got hold of it, they figured out the different steps that would be involved, and decided there's no way the company was

going to make any money on this because it would take too long. Everyone was deflated, there was a giant battle between strategy and financial returns, and a complete dysfunction in the organization of the kind we've been talking about.

To solve this problem, we decided to look at the ranges of uncertainty involved. The product was being field tested by customers through a pilot with the Army Rangers. Selling to customers like this over several years was the story the innovation team had given to finance—that's the business case they analyzed and decided didn't add up.

We realized that if we could somehow make the technology standardized in the industry, so that every vehicle bought has it, then it would become a completely different ball game. That's the dream the innovators actually had, for the technology to sweep across all Western military systems, but the technologists working on the problem had no ability to achieve this.

So the CEO of the company called the CEO of the vehicle manufacturer, who said they would love the product but they couldn't standardize it without real customer traction. At which point the CEO was able to show them their work with the Army Rangers. They changed the pilot from a technology-driven project to a technology-plus-vehicle-deployment project, and it went from a high-conflict, Us vs Them, customer value against finance issue, to managing to deliver a business outcome for everybody.

In other words, they changed the nature of the project by understanding what was driving the ranges of uncertainty. And all of this came about through an effective discussion and understanding of the uncertainty."

Making Innovation Relevant to the Business

What this issue boils down to is making innovation relevant to finance, and vice versa. To bridge this gap, Dan Toma would like to see innovation departments start by asking themselves why their function was created. With a clear picture of why the organization has invested in innovation, and leadership's expectations of this function, they can work out what they need to report on and what activities they need to prioritize.

"If you're in the position of being in a new innovation function, or in a new lab, have that conversation with the board and ask them: "Why did you create this? What are your expectations from this function in three years from now, five years from now, 10 years from now? Because if you make their expectation your 'why', then you can trickle down to what activities you need to do today and tomorrow and next quarter, and what other parts of the organization need to do in order to contribute to that end goal."

"You can either start from the position of asking: 'how much are you going to give me Mr. CFO, and then I'll tell you what to expect'. Or you can say to the business, 'given what you want to get in five years, this is how much you will have to give me to even stand a chance of getting close to that,' he adds.

"The problem I see a lot, which is what drives a lot of frustrations, is that the CFOs come in and they say: "This is the budget you're going to have, and these are the results I'm expecting you to get. This is like having your cake and eating it at the same time. It doesn't make sense."

Finally... what should you do if your CFO really isn't prepared to mobilize resources for success in innovation?

In that case, the unanimous advice is to run for the exit.

▶ Upping the Odds of Venture Success with Portfolio Management & Governance



Paige Halam-Andres

Former Managing Director, Innovation at Highline Beta



Portfolio management and governance may not be the most exciting topic for many people, but they are crucial for scaling successful ventures.

Paige Halam-Andres, a seasoned venture capital and corporate innovation leader previously at *Highline Beta*, shares insights on how innovators can benefit from adopting a venture capitalist's mindset. She unpacks essential frameworks for constructing, assessing, and managing a strategic portfolio and offers practical tips to ensure innovation efforts align with corporate goals for tangible impact.

Thinking Like a VC

Paige advocates for a VC-inspired approach where companies apply a “small bets, big rewards” strategy, gradually increasing investment in areas that demonstrate traction. “The 90:10 Principle applies here, with only a fraction of projects yielding substantial returns, while most either break even or fail,” she explains. Corporate innovators can mitigate risks by building a diversified portfolio, allowing wins to offset losses.

She stresses the importance of market traction as a critical early indicator. “The days of funding an idea without proof are over. Today, it's all about demonstrating real traction through experimentation.”

Corporations can adopt this approach by conducting small experiments and lightweight qualitative research that typically take 2 to 3

weeks rather than six months or more of development time. These quick iterations keep the momentum going, especially for early-stage ideas, and help to (re) balance your portfolio by reviewing and prioritizing every few months. This approach demonstrates desirability, feasibility, and viability early in the process, ensuring rapid decision-making and resource efficiency.

With increased scrutiny on development costs, corporations now prioritize faster, cost-effective validation methods. “Organizations can no longer afford to spend six months in exploratory phases. The objective is to quickly test ideas with minimal resources and pivot based on market response,” Paige explains.

Influencing the Portfolio Mix

To manage a successful innovation portfolio, you must carefully curate projects at each stage of development. Paige outlines three core ways to influence the mix of projects:

1. **Opportunity spaces:** “How do you think about what you want to focus on and what you want to work on?” The first step is identifying and selecting the right opportunity spaces that align with the organization's strategic goals and resource capabilities.

2. **Intake process:** “Once you start having a roster of ideas, how do you think about bringing them into your organization and actually working on them?” The intake process involves selecting which ideas should move forward based on clear criteria, ensuring that only the most promising ideas enter the pipeline.
3. **Progression and funding allocation:** “How do you think about progressing them throughout your organization, and think about how you’re going to allocate funding to those things?” This step focuses on managing and funding projects at each stage, with strategic decisions based on early results on whether to continue or discontinue.

Paige encourages a pragmatic approach to intake, suggesting criteria prioritizing short-term impact and alignment with core objectives over purely speculative projects. Once ventures are in the pipeline, she stresses the importance of regular, data-driven reviews. “Set benchmarks and hold teams accountable to meet them. If a project isn’t delivering expected results, don’t hesitate to cut it,” she advises. Ruthless prioritization, a concept often discussed in VC circles, is essential in corporate contexts where resources are limited, and progress must be demonstrated to executive stakeholders.

Prioritizing Internal Alignment and Value Creation

Effective portfolio management goes beyond selecting promising ventures; it’s about embedding innovation within the larger ecosystem. “We’re seeing a shift where corporate innovators must justify their projects by showcasing how they align with enterprise goals,” Paige notes. Building a portfolio that adds real value requires a systematic connection to the core business. This means tapping into existing assets and

strengths rather than developing ventures that function in isolation.

Paige emphasizes that incorporating core business metrics early on is crucial to securing buy-in. “Use metrics that resonate with your corporate peers, like contribution to margin or business growth, to make the value of innovation clear.” By tying innovation outcomes to metrics already familiar to internal stakeholders, you can increase the chances of obtaining support and resources.

Paige highlights the importance of gaining sponsorship and support from key stakeholders across business units. Striking a balance is vital, she notes, “Think about who are the right people, and how can you bring them onboard in meaningful ways that make them feel like you’re being helpful, but not so close that they actually try to manage your projects.” By involving relevant personnel early and framing the venture in terms that matter to them, innovators can establish a solid foundation for success and demonstrate the potential value of new projects in a way that resonates with organizational priorities.

An Agile Milestone Framework

Most ventures need to prove ROI within three years, although it typically takes seven years to reach scale and become meaningful to the business. Paige acknowledges this “catch-22” situation where innovators are expected to deliver significant transformations that must also closely align with business metrics. She advocates for focusing on the potential impact of ideas on the core business early on, then gradually expanding to adjacent areas.

“Start with alignment, but think about growth potential beyond immediate needs. By proving value in a controlled way, you build credibility and can later explore other opportunities.”

Agile milestone frameworks can help ensure this approach works. “Set milestones that reflect the venture’s growth phase—problem validation for early projects and revenue for scaling ventures,” Paige suggests. Evaluating progress using stage-appropriate metrics keeps the focus on relevant outcomes and prevents overshooting expectations early on.

Be Prepared to Scale Down

Not every idea will succeed, but once a project is funded, it becomes challenging to stop funding it, even if the venture is underperforming. Paige suggests, “Set a timeline for ROI proof, and redeploy capital to more promising areas if it doesn’t meet criteria.” In other words, funding should be based on performance and the ability to prove

value in a reasonable timeframe rather than continuing to invest in projects simply because they have already received initial funding. She underscores the importance of making tough decisions about where to allocate resources to maximize overall portfolio success.

For Paige, innovation success in these times means striking a balance between entrepreneurial freedom and strategic alignment. By setting measurable expectations and creating frameworks that resonate with corporate objectives, companies can unlock significant growth opportunities while efficiently using limited resources. Cross-departmental collaboration and a clear, agile milestone framework ensure that innovation stays on track while aligning with the broader business goals.



The most effective corporate innovation instrument in my experience is...

... collaboration

Juana-Catalina Rodriguez, JnC Nova

... a structured innovation portfolio that’s rigorously aligned with company strategy and KPIs.

Christian Mühlroth, ITONICS

... establishing an adjacent growth strategy.

This approach enables businesses to diversify while leveraging the core organization’s resources—a sweet spot where ventures stay close enough to benefit from existing assets but far enough to innovate freely.

Done right, these ventures tap into resources, distribution channels, and commercial support, unlocking significant performance gains and new revenue streams. However, our data shows that fewer than 30% of businesses succeed at implementing this strategy, making successful corporate innovation the exception, not the rule.

There are two paths within an adjacent growth strategy: buy an adjacent company for rapid market entry or build something new for a potentially more cost-effective solution. Sometimes, the best results come from a combination of both.

The real challenge? Striking the balance—leveraging the core without being held back by legacy systems.

Jan Sedlacek, Stryber

▶ Mastering New Growth through Corporate Venture Governance



Stefan Peintner

CEO & Managing Partner at WhatAVenture



In today's rapidly evolving business landscape, corporate venture building has become a cornerstone for driving innovation and unlocking new growth opportunities.

However, many organizations struggle to balance the agility and autonomy required for venture building with the structured oversight necessary to align these initiatives with overarching corporate objectives. This is where corporate venture governance becomes indispensable, suggests Stefan Peintner, CEO & Managing Partner at *WhatAVenture*.

At its core, corporate venture governance is a structured framework that guides the planning, execution, and management of corporate ventures. It ensures ventures align with the company's strategic goals while operating efficiently and sustainably. It provides the framework needed to navigate the complexities of venture building while ensuring strategic alignment, operational efficiency, and long-term growth.

Building ventures that not only generate returns but also help your organization grow and learn.

Imagine situations where a corporate venture governance framework is vital: a large enterprise looking to diversify, grow or get ahead of disruption through ventures, a team struggling to decide which innovative ideas to prioritize, or a venture running into operational conflicts with its parent organization. In these scenarios, governance serves as the compass, enabling informed decisions, seamless execution, and long-term

value creation. Without it, ventures risk falling prey to misaligned goals, inefficient resource allocation, or operational inertia.

Let's explore the foundational pillars of corporate venture governance, shedding light on the mechanisms that transform bold ideas into thriving ventures that fuel organizational growth and learning.

The Core Pillars of Corporate Venture Governance

Pillar 1: Making the Right Decisions

To make informed decisions, you need clarity on the playing fields and strategically aligned areas where venture building should take place.

A well-structured decision-making body should have:

- **Optimal board size** (not too big, not too small—just right for your organization)
- **Strategic member selection**, where each member adds value and fulfils a clear role
- **Full commitment and focus** (venture governance shouldn't be a small agenda item in a busy meeting).
- **A willingness to embrace risk**, foster constructive disagreements, and adopt a VC-like mindset
- **A clear distinction between opinions, facts, and evidence** to guide decision-making

Pillar 2: Getting the Right People on Board

To ensure success, you need top-tier entrepreneurs throughout your venture's lifecycle. We often experience that the "best" entrepreneurs often come from outside the corporate world and prefer ventures that aren't majority-owned by the corporate.

The type of entrepreneur you attract should vary by stage (pioneers first, scalers later) and by the type of venture. For example, Studio or CVC approaches with minority stakes require different profiles than those with a majority stake.

Pillar 3: Allowing operational freedom

To maximize your ventures' potential, you must leverage the agility of a venture setup and extend your unfair advantage: funding, operational capabilities, networks, partnerships, expertise, intellectual property, and data.

Venture builders need autonomy to navigate uncertainties, while the core organization naturally tends to be more risk-averse. Uncertainties in venture building can trigger emotional reactions within the core organization, so it's vital to engage internal stakeholders personally. Understand their needs and limitations to assess what risks can be taken and what must be protected.

Once you've accounted for these factors, ensure senior management is aligned, especially when exceptions are needed (e.g., outsourcing legal support or building a dedicated sales team). Don't forget to formalize these exceptions for future reference.

From Surviving to Thriving: Venture Governance is Key

Mastering corporate venture governance is not just about setting up frameworks and processes—it's about cultivating a mindset that embraces risk, fosters innovation, and integrates strategic alignment with operational excellence. By focusing on the three core pillars—making the right decisions, getting the right people on board, and operationally driving opportunities—organizations can lay a strong foundation for venture success.

Governance is the glue that holds the venture ecosystem together, ensuring that every corporate venture contributes to broader corporate objectives while retaining the agility and autonomy to innovate.

For organizations committed to staying ahead in an ever-changing market, investing in robust corporate venture governance isn't optional—it's essential. With the right governance structures in place, businesses can turn uncertainty into opportunity and transform corporate ventures into powerful engines of growth and resilience.

▶ Proving the Value of Innovation



Lisette Koppelman & Ben Williams

Business Consultant at ABN AMRO Bank | Director of Business Development at the Wisconsin Primary Health Care Association



In today's landscape, innovation leaders are under mounting pressure to demonstrate measurable returns on their efforts.

Lisette Koppelman, a business consultant at *ABN AMRO Bank*, and Ben Williams, Director of Business Development at the *Wisconsin Primary Health Care Association*, offer distinct perspectives on how to showcase the tangible value of innovation within complex organizations.

Establishing Metrics for Innovation Impact

Lisette stresses that innovation teams must align closely with financial expectations early in the process. "On a portfolio level, we face immediate pressure to demonstrate our financial growth and contribution to the business," she says. This approach involves defining success through KPIs and financial drivers understood across business units, especially when early-stage projects require more exploratory metrics, like problem scope and market potential.

For projects at various stages, Lisette emphasizes the importance of using *Total Addressable Market (TAM)* metrics and other market-sizing approaches to validate potential. She notes, "We analyze whether people are willing to pay for a solution and, for later stages, showcase how we contribute to the profit and loss of the bank." This rigorous approach to measuring metrics like scalability helps balance early validation with long-term financial accountability.

Challenges of ROI in Nonprofit Sectors

Ben highlights unique challenges for ROI in healthcare innovation, noting that success isn't always strictly financial. "In the nonprofit sector, we balance revenue, time saved, and added capacity, but often, we're also addressing market failures," he explains. Ben describes the nuanced balance between scaling patient services and controlling operational costs, which sometimes means prioritizing impact over profit. His focus remains on achieving alignment early in the process by measuring the ROI of the portfolio as a whole: "Mapping out the ecosystem of services and showcasing how projects flow through our pipeline is critical to gaining buy-in."

For complex, grant-funded initiatives, Ben relies on detailed scenario planning. He says that breaking down assumptions visually has been especially effective in navigating differing stakeholder expectations and risk tolerance levels. "It's important for stakeholders to see how many ideas we consider, measure, and ultimately decide to pursue or set aside, which ensures they're prepared for both outcomes."

Utilizing Storyboards and Financial Models

Both Ben and Lisette have found value in using storyboards and visualization techniques to bridge gaps in understanding among diverse stakeholders. Ben notes that visualizing the user journey and illustrating “pirate metrics” such as acquisition and retention can help decision-makers understand the customer’s path through a service. “Our decision-makers often come from finance backgrounds, and translating operational metrics into digestible formats helps bridge this gap,” he explains.

For Lisette, who integrates financial forecasting into innovation accounting, offering scenarios with clear assumptions has helped manage expectations and reduce discomfort around financial modeling. Ben and Lisette both encourage using ranges for financial predictions rather than single numbers, which can ease stakeholder discomfort.

However, Lisette stresses that it’s ok to make assumptions. “Even if you use fake numbers to get a feeling of what it could be, ask yourself once in a while, ‘does it make sense?’” She believes guesstimation exercises are particularly beneficial for teams unfamiliar with financial metrics: “It helps build confidence, even if it’s as simple as guessing the height of a building—it encourages assumptions, a necessary step in early-stage financial planning.”

Adapting to Economic Realities and Heightened Risk Aversion

The current economic environment has increased scrutiny of innovation spending

across sectors. Ben observes that the healthcare industry’s pandemic-related shifts raised expectations for innovation but also fueled greater risk aversion. “The need to innovate is more evident, yet the requirement for assurances around risk is higher,” he says. To counter this hesitancy, Ben has started including scenario analyses that consider the cost of inaction alongside the potential gains of innovation.

Lisette also observes changes in *ABN AMRO*’s strategy to mitigate economic pressures by diversifying income streams. “As a bank, we’re looking beyond traditional interest income, expanding our fee-based revenue models,” she explains. This shift is compounded by increased competition from tech companies and fintech disruptors, which forces the bank to adopt a customer-centric approach that aligns with evolving market expectations.

Practical Takeaways for Innovation Leaders

Clear communication and proactive alignment with business objectives are essential to proving value. It’s also important to speak the language of various stakeholders, offering data in ways that resonate, whether you’re talking to the CFO or a non-financial executive. This includes being upfront about risks, demonstrating preparedness, and ensuring stakeholders are involved in both successes and failures.

In essence, proving the value of innovation goes beyond financial returns. By prioritizing scenario planning, fostering cross-departmental alignment, and adopting adaptable metrics, innovation leaders can build a robust case for the strategic role of innovation even in uncertain economic times.

▶ Spin-Out, Spin-In: How Venture Building Can Transform Corporate Innovation Funding



Andrew Backs
Founder at Pilot44



When it comes to disruptive innovation, the traditional corporate model struggles to keep up. Funding innovation projects from the typical P&L budget creates a host of challenges, especially for long-term, high-risk ventures. That's where "Spin-out, Spin-in" venture building comes in.

Andrew Backs, founder of *Pilot 44*, helps corporations transform their approach to innovation by adopting models from venture capital that allow for greater flexibility and risk-taking. Andrew explains how this model can unlock the full potential of corporate innovation.

Why P&L Funding Falls Short

"The challenge for corporates is that funding innovation from the monthly P&L, where margins are scrutinized by investors or *Wall Street*, is very hard." This pressure on margins often leads to short-term decision-making, budget cuts, and a general lack of patience for long-term innovation projects that may not generate immediate returns.

Corporate structures, legal risk models, and incentive systems are set up to maintain existing billion-dollar businesses rather than nurture new, disruptive ones. "For growth and disruptive innovation, using the same governance structures can kill it out of the gate," Andrew emphasizes. The result is that many promising ventures are either underfunded or shut down before they have a chance to scale.

Unlocking the Balance Sheet

One of the significant challenges of funding innovation from the P&L is that it's difficult to secure large amounts of capital for ventures still in their high-risk, early stages. That's where the balance sheet comes in. "By accessing the balance sheet, you can go to your M&A team, which is used to writing large checks, and fund ventures as long-term investments," Andrew says. This model allows corporations to invest significant sums of money without the same pressure to deliver short-term results.

Spin-Out, Spin-In: A New Frontier

So, how do corporations overcome these challenges? According to Andrew, the solution lies in spin-out, spin-in venture building. This model takes inspiration from the venture capital world, allowing corporations to invest in new ventures off the balance sheet rather than the P&L. This means that the high-risk, early-stage phases of innovation can be funded without impacting the company's margin.

“The idea is to invest in growth initiatives developed and incubated externally as a ‘NewCo’—a separate entity where the corporate is a minority shareholder,” Andrew explains. By spinning out the venture as a standalone company, it gains the agility of a startup. At the same time, the corporation remains an investor, with the option to bring the venture back into the company once it has matured and de-risked. “You’re investing in innovation, not spending on innovation,” Andrew notes.

A Real-World Example: Procter & Gamble

Andrew shared a real-world example of how this model has worked at *Procter & Gamble (P&G)*, where he helped spin out a new venture in the beauty care space. The spin-out was able to attract top talent from Silicon Valley, move quickly on product development, and ultimately grow to the point where *P&G* exercised its buyback option. “It was a success story. By giving the venture space to grow outside of the corporate structure, it was able to thrive and eventually return to the company,” Andrew says.

Why Spin-Outs Work

There are several reasons why the spin-out, spin-in model works well for disruptive innovation:

1. **Agility:** Startups thrive on agility, and by spinning out a venture, corporations can create the freedom to pivot and experiment without the constraints of corporate bureaucracy. “The venture can move faster, take more risks, and adapt to market changes,” Andrew says.
2. **Talent attraction:** Spinning out a NewCo allows companies to attract top entrepreneurial talent who might not typically want to work in a large corporation. “We brought in external

development partners and startup-minded individuals who would never have worked for the corporation but were excited to work in the spin-out,” Andrew shares.

3. **Incentives and equity:** Startups offer a level of equity upside that corporations typically can’t match. By giving employees equity in the spin-out, companies can incentivize top talent to join and stay engaged with the venture.
4. **Strategic buyback:** Once the venture has matured and proven itself, the corporation has the option to bring it back in. This avoids the often costly process of acquiring an external startup through traditional mergers and acquisitions. “The buyback option is pre-negotiated, often tied to revenue milestones, ensuring the price won’t spiral out of control,” Andrew explains.
5. **Connectedness:** While spin-outs gain independence, they remain strategically connected to the parent company. “The corporate connection provides unfair advantages that startups can’t access on their own,” Andrew says. This combination of independence plus access to channels, data, and expertise creates what he calls the “perfect storm” for success.

Laying the Groundwork

Andrew acknowledges that not all ventures need to start as external spin-outs. Instead, companies can begin with small, internal initiatives to validate ideas using lean innovation processes. By starting internally, teams can build the business case, test market fit, and refine their approach before deciding whether externalization is the right path. “This doesn’t go from concept on paper to spin-out immediately,” Andrew advises. The key is to build confidence and momentum, ensuring the venture is fundable before scaling or transitioning externally. The

process is iterative, and as Andrew notes, “Sometimes you just have to get your hands dirty and start.”

Addressing Challenges

Implementing a spin-out, spin-in model isn't without its challenges. Andrew highlights several areas that corporate innovators must navigate to ensure success:

- **Retaining talent post-buyback:** One of the biggest hurdles is maintaining the involvement of key talent after a venture is reintegrated into the parent company. Andrew emphasizes that long-term incentives, such as equity-based compensation or phased reintegration plans, are critical. “The journey to a buyback should prepare the team for integration while offering incentives that keep them engaged in scaling the next phase of growth,” he advises.
- **Structuring equity for external investors:** Opening up a NewCo to external investors provides additional funding sources, reduces the corporation's financial risk, and brings expertise and strategic partnerships to accelerate the venture's growth. However, this requires careful planning. Setting realistic buyback thresholds and involving the right kind of investors willing to partner with corporates is important. “Keeping corporate ownership below 20% makes the venture more appealing to outside funding sources,” Andrew highlights. This balance allows external investors to feel confident in the independence of the venture while ensuring the corporation retains meaningful strategic influence.
- **Balancing independence and connection:** While independence is key to startup agility, maintaining strategic ties to the corporation is equally essential. Andrew refers to this as “orbiting the giant hairball”—ensuring the venture can

leverage corporate resources like data, distribution channels, or expertise without becoming bogged down by bureaucracy.

- **Managing risk and executive concerns:** Executives may hesitate to commit significant resources to ventures with uncertain outcomes. Andrew advises using pre-negotiated buyback options tied to milestones to provide clarity and cap costs. “This gives executives confidence in the financial viability of the venture while offering a clear path for reintegration,” he notes. “You're giving executives a front-row seat to the venture's progress, so they can see exactly how it's developing,” Andrew explains. This transparency, combined with the ability to maintain strategic oversight, makes the model both practical and compelling for corporate leaders.

By addressing these challenges with clear structures, incentives, and processes, corporations can maximize the success of their spin-out, spin-in initiatives while minimizing the potential pitfalls.

Building a Venture Portfolio

To truly see impact, corporations need to build a portfolio of spin-out ventures rather than focus on just one or two. “Expecting dramatic growth from one or two ventures won't work—you need a portfolio,” Andrew emphasizes. He recommends modeling out how many ventures would be needed to meet specific growth targets. “To hit a billion-dollar valuation, you're going to need 20 to 30 ventures in the pipeline.”

Building this portfolio requires patience, a long-term vision, and a novel approach to risk. Rather than putting pressure on individual ventures to succeed immediately, corporations can monitor the portfolio as a whole, recognizing that some ventures will fail, while others will generate exponential returns. It's a numbers game.

Venture Studio Fund: Scaling Through Portfolio Management

Andrew introduces the concept of a venture studio fund for corporations looking to build multiple ventures. This model allows corporations to invest in a portfolio of spin-outs through a dedicated external fund, financed from the balance sheet. This allows for a centralized approach to opportunity analysis, venture design, and validation work that diversifies risk and enables companies to scale their innovation efforts strategically. “Think about all the budget that was typically on the P&L now being managed as a

long-term investment,” Andrew points out, calling this a “game-changer” for corporate innovation funding.

The spin-out, spin-in venture-building model offers a powerful new way for corporations to fund and grow disruptive innovations. It’s time to stop relying solely on the P&L and start thinking about how to leverage the balance sheet for long-term investment. Corporations can unlock the full potential of their innovation efforts with the right strategy, patience, and a portfolio of ventures. As Andrew puts it, “This is the next frontier of corporate innovation.”

▶ Innovative Strategies for Effective R&D Budgeting



Tobias Gutmann & Oliver Hirschfelder

Head of the Siemens Product Innovation Lab and Co-Director of the Institute for Technology, Innovation & Customer Centricity (TICC) at the European Business School (EBS) | Strategy & Sustainability Consultant at Siemens Energy AG



Imagine you have a piggy bank. Every day, you put a dollar into it, saving for something special. Now, imagine that something special is a groundbreaking innovation that could change the world. But here’s the catch: you don’t know how much that innovation will cost, or how long it will take to achieve. Welcome to the world of R&D budgeting.

Tobias Gutmann—a professor at *EBS Business School* and Head of the *Siemens Product Innovation Lab*, and Oliver Hirschfelder—a strategy and sustainability consultant at *Siemens Energy*, take on the question of how companies can make decisions about what they want to invest in versus what they can afford to spend.

R&D budgeting is not a mere allocation of funds, but the careful nurturing of a seed. With the right strategies, that seed can grow

into a tree that bears fruit year after year.

Rethinking R&D Budgeting

There’s no denying R&D budgeting can be a bit of a rollercoaster, as companies navigate the uncertain outcomes, costs and timelines associated with transforming their ambitious ideas into market-changing innovations.

It’s a classic case of the innovation dilemma: balancing the need for innovation with the

limitations of available resources. In other words, weighing the anticipation of future gains carefully against present investments.

The dynamic nature of R&D, coupled with rapid technological advancements and shifting market demands, adds another layer of complexity to the budgeting process. Furthermore, the allocation of R&D funds involves navigating the intricate interplay between different types of innovation, each requiring different investment strategies.

At the same time, it's also true that just spending more money on R&D won't necessarily mean your company is going to be more innovative.

Traditionally, R&D budgeting has been driven by historical data and centralized decision-making, as part of traditional, top-down budgeting approaches. However, some companies are doing things differently.

Following its carve-out from *Siemens*, for example, *Siemens Energy* faced the challenge of determining its R&D budget independently. This transition involved a reevaluation of budgeting processes for the new organizational context. It's a task that's typically both strategic—aligning R&D investments with corporate goals and market opportunities—and cultural, as the organization embraces more agile and responsive budgeting practices.

Strategies for Effective R&D Budgeting

In this process, *Siemens Energy* explored various budgeting strategies, including R&D intensity, peer benchmarking, and aligning the budget with company capabilities and innovation ambitions.

There are a five key ways of approaching your R&D budget:

1. R&D intensity

This metric assesses R&D expenditure against sales, so it's simple and easy to use. Its challenges lie in the fact that accepted rates of R&D intensity vary from industry to industry, and it's also influenced by changes in sales. When using this metric companies should establish a floor and a cap for R&D spending, but allow for adjustments within these limits based on strategic needs and financial capabilities.

2. Peer benchmarking

Comparing R&D efforts against those of competitors enables organizations to identify best practices and areas of improvement, and to easily position themselves within the market. If following this approach, organizations still need to decide what kind of benchmarking metrics they'll use (for example absolute vs relative spending), and whether or not they'll assess non-financial metrics too such as innovation outcomes. Peer benchmarking also requires available, accurate data and for comparisons to be made with similar companies only.

3. Company capability and ambition

It's crucial for companies to align their R&D budgeting with their ambitions and capabilities around innovation. This involves carrying out a thorough assessment of their position as a market leader or follower, their innovation goals, and the resources they have available for R&D activities.

4. Resource-based budgeting

This approach focuses on available resources, both financial and human, and their alignment with R&D projects. It involves a critical evaluation of the skills, competencies, and financial resources at the company's disposal and the strategic

allocation of these assets to projects with the highest potential for success and to areas of highest impact.

5. Commitment vs Wish List

This approach considers everything a company would like to achieve in an ideal world (its dreams), set against the practical constraints of budgeting (its commitment). This is about managing expectations, and prioritizing R&D projects based on their strategic importance, potential for innovation, and alignment with long-term goals.

Ultimately, choosing the most appropriate R&D budgeting method depends on your company's unique goals, industry context, and available resources, requiring a tailored approach that balances innovation with practical constraints.

The Critical Role of Dialogue and a Shared Language

These strategies were not applied in isolation but rather as part of a comprehensive budgeting framework that considered the nuances of *Siemens Energy's* operational environment and strategic direction. The

company took this holistic approach in order to optimize its R&D spending, and focus on projects with the highest potential for innovation and business impact.

A key takeaway from *Siemens Energy's* experience is the critical role of dialogue in effective R&D budgeting. It's proven critical to engage a broad range of stakeholders in the budgeting process, from R&D managers and corporate strategists to financial officers.

This inclusive approach fosters a shared understanding of strategic priorities and enables a more nuanced allocation of R&D resources within the organization. It also helps in navigating the complexities and uncertainties inherent in innovation projects, allowing *Siemens Energy* to make informed decisions about where to invest its R&D funds.

Effective R&D budgeting also requires a shared language within the organization around innovation. Tobias and Oliver advocate for the use of frameworks, such as a modified Ansoff matrix, to help companies articulate their innovation goals, categorize innovation efforts and align their R&D budgets with their strategic priorities.

▶ Innovation Accounting: Essential for Every Business



Dan Toma

Consulting Partner & Co-Founder at OUTCOME



In the past, it was easy to assume that innovation accounting—measuring innovation success—was a luxury reserved for companies well-versed in innovation practices. The common thought was that only businesses with mature innovation processes needed to quantify their progress. But the opposite is true—no matter where a company is on its innovation journey, innovation accounting offers valuable metrics to help any organization grow and succeed.

Innovation accounting isn't about flipping a switch or checking off a box. It's a progressive journey that helps businesses assess, validate, and refine their innovation activities, aligning with their unique stage of maturity, says Dan Toma.

Early Days: Getting Started with Innovation Accounting

For “Novice-level” companies just starting their innovation journey, innovation might feel more like an abstract goal than a structured process. At this stage, the focus should be on tracking the basics to understand if innovation is taking root and if there's organizational willingness to invest in it.

Indicators to Track:

- **Number of Ideas** in the innovation funnel
- **Ideas at Each Stage** to understand progression
- **Advancement** of ideas from one stage to another

Why It Matters: For novices, these indicators reveal if the organization is willing to back innovative thinking and if there's enough momentum to push ideas forward. It also builds a foundational understanding of whether innovation can and will thrive within the company.

Building Competence: The Next Level of Innovation Maturity

Companies at a “Competent level” have started developing some governance and are working with innovation concepts more consistently, though their practices might lack complete sophistication. Innovation efforts might still need to be scaled, but a visible intent and structure are beginning to form.

Indicators to Track:

- **Innovation Types** (e.g., core, adjacent, transformational) to categorize ideas
- **Stage Suitability Rates** within the funnel to identify how well ideas fit within each phase
- **Estimated Value** of the funnel and **average venture value** to quantify potential outcomes

Why It Matters: Tracking these metrics provides insight into what kinds of ideas the organization supports and which governance mechanisms might need refinement. Additionally, these metrics help justify innovation investments to senior leadership, demonstrating the potential of innovation to add tangible value.

Leading Innovation: For the Seasoned Pros

Organizations at the “Expert or Leader Level” have innovation deeply embedded in their operations. They've moved beyond foundational metrics to advanced indicators that quantify innovation's impact on business growth and resilience. Innovation is a reliable growth engine at this stage, and accounting metrics can guide strategic decisions on future investments.

Indicators to Track:

- **New Product Vitality Index** to measure innovation's contribution to revenue
- **Efficiency of Innovation Investment** to analyze return on innovation
- **Portfolio and Investment Distribution** to balance risk
- **Cost of Failure** to understand financial implications of unsuccessful initiatives

Why It Matters: Advanced metrics help prove innovation's role in driving sustainable growth. Data collected at this stage validates or questions the innovation strategy, supports

budgeting decisions, and enables the company to set goals or adjust its innovation roadmap effectively.

Embracing the Journey

Innovation accounting is a versatile and scalable tool that evolves with a company's needs and capabilities. Regardless of a business's maturity level, implementing innovation accounting offers practical ways

to monitor, adapt, and optimize the journey. The key is to start with the essentials, and as capabilities grow, deepen the analysis to drive more strategic insights.

The saying goes, "The best time to plant a tree was 20 years ago. The second best time is today." So why wait? Start measuring innovation now and grow alongside it.

▶ Mastering Portfolio Management to Drive Innovation Strategy Execution



Dougal Beard

Former Global Head of Innovation Portfolio Management — GSK Consumer Health (now Haleon) and Kenvue



In the fast-evolving consumer health industry, where innovation fuels growth, portfolio management is a cornerstone of effective strategy execution. Dougal Beard, with over a decade of experience in global innovation management and consumer health, shares actionable insights into the intricacies of this discipline.

This approach emphasizes clarity, consistency, visibility, and accountability to transform portfolio management from a process into a strategic driver.

Why Portfolio Management Matters

Consumer health is a \$250 billion industry spanning over-the-counter (OTC) products, vitamins, and personal care. Innovation drives 20–50% of this growth, making it critical to strategic success. According to Dougal, portfolio management is about answering the question: "For all the things we could do, which are the things we should do?"

This involves selecting and prioritizing projects as well as ensuring they align seamlessly with business strategy. "Portfolio management is doing the right things, while project management is doing things right," Dougal explains, highlighting the complementary nature of these disciplines.

Building a Strong Framework

Dougal categorizes successful portfolio management into four pillars:

1. Clarity

Clarity forms the foundation of successful portfolio management by establishing a

shared understanding of what innovation means for the organization. Dougal emphasizes the importance of distinguishing different types of initiatives, such as regulatory-driven formula changes versus consumer-inspired product launches. “Understanding the ‘why’ behind each initiative is essential,” he explains, cautioning against overly complex data definitions that can overwhelm teams and hinder efficiency.

Setting thresholds for what constitutes a product based on factors like required resources or consumer impact can also streamline decision-making. Dougal suggests that while rigid boundaries may not always be necessary, “any guidance to remove the thinking for people is helpful.”

2. Consistency

Consistency is achieved through robust metrics and systems that empower teams to make timely, data-driven decisions. Dougal advises teams to “focus on clarity over quantity” by limiting primary KPIs to two or three that directly measure pipeline value. He warns, “Too many metrics dilute the impact.” To ensure smooth implementation, he advocates for a “broad and shallow” approach to rolling out new metrics, introducing them gradually across the organization.

Governance also plays a critical role in maintaining consistency. “Across your different categories, brands, and projects, you need to apply the same methodology and values,” Dougal notes, emphasizing the importance of fairness and alignment. Governance is a mechanism to assess whether projects should progress to the next stage. He recommends regular reviews involving suitable stakeholders who can make strategic decisions. This ensures that the portfolio aligns with priorities and avoids ad hoc decision-making.

3. Visibility

Transparency is vital to establishing accountability and driving progress. Leaders must actively engage with data by asking questions and using it to spark improvements. Dougal states, “Sunlight is the best disinfectant,” urging organizations to treat data as accurate and share it widely to encourage accountability. He adds, “Nothing happens unless leaders ask questions,” outlining the critical role of leadership in driving meaningful action.

Innovators should focus reports on one or two key metrics to prevent information overload. Keeping it simple helps teams stay aligned. Regular reporting, “every single month like clockwork,” as Dougal describes, creates a reliable rhythm for decision-making and reinforces accountability at all levels of the organization.

4. Accountability

Ownership at all organizational levels is essential for driving successful outcomes in portfolio management. “It’s not my pipeline; it’s the business’s pipeline,” Dougal explains, stressing that leaders must take responsibility for data quality and project outcomes. Clear governance structures ensure that decision rights are well-defined and that only critical projects are elevated for review.

Balanced scorecards can help teams weigh trade-offs between innovation opportunities and cost constraints. This structured, objective approach allows teams to rank projects based on criteria like strategic fit, financial impact, and technical feasibility, fostering discussions grounded in data rather than opinion.

Successful portfolio management is also about relationships. Dougal encourages innovators to build collaborative relationships

with key stakeholders. “Get close to R&D, commercial, and finance teams,” which he calls the “trifecta of partners.” Partnering with these influential stakeholders helps drive alignment and embed change across the organization.

Overcoming Common Challenges

There are several common challenges in portfolio management. Dougal emphasizes the importance of ensuring projects meet thresholds for resource allocation and consumer impact when defining projects. While rigid boundaries may not always be necessary, setting clear parameters can help streamline portfolio management.

Balancing cost constraints with innovation opportunities is also an ongoing issue. Dougal advocates for structured frameworks, such as balanced scorecards, to weigh strategic, financial, and technical dimensions of projects. This approach enables teams to prioritize objectively and facilitates meaningful discussions. “The score doesn’t matter; the relative positioning does,” he emphasizes, highlighting the value of debate in refining priorities.

In the ideation phase, where concrete data is often lacking, Dougal advises waiting until an outline business case is established before including initiatives in the portfolio.

▶ Keeping Innovative Projects Aligned with Strategy



Ard-Pieter de Man, Anna Plotnikova & Ludwig Hoeksema

Professor Management Studies at Vrije Universiteit Amsterdam |

Assistant Professor of Strategic Change at Vrije Universiteit Amsterdam |

Associate Professor, Business & Economics at Vrije Universiteit Amsterdam



Ensuring strategic alignment across projects remains a critical challenge for companies striving to innovate. Leading companies use “Portfolio teams” to oversee innovative projects that fall outside traditional structures, ensuring they contribute meaningfully to long-term objectives, suggest Ard-Pieter de Man, Anna Plotnikova, and Ludwig Hoeksema.

Balancing Innovation with Strategy

Innovative companies constantly generate ideas, but not all fit neatly into existing business units or formal R&D structures. Portfolio teams address this gap by identifying, monitoring, and adjusting project portfolios to ensure alignment with corporate strategy. These teams focus on medium-term

projects that cross business lines or require resources beyond a single unit’s capacity.

At Dutch health technology company *Royal Philips*, portfolio teams manage initiatives ranging from e-commerce expansion to piloting subscription-based models. By overseeing projects that don’t naturally fall within R&D or immediate business unit priorities, *Royal Philips*

ensures innovation aligns with its mission of improving health and well-being through meaningful innovation.

Setting Priorities and Limits

Prioritization is key to managing innovation portfolios effectively. Companies adopt unique criteria to evaluate potential projects. For instance:

- *Ultimaker* prioritizes projects that enhance core technology and meet budget expectations.
- *Royal Philips* focuses on initiatives it can finance that garner business segment support and improve its geographic portfolio spread.
- *Signify* caps the number of strategic initiatives at 20, balancing focus areas like customer experience and sustainability.

Such discipline prevents resource dilution and enhances project impact.

Building the Right Team

Effective portfolio teams bring together a mix of executives and strategists. At *Royal Philips*, the team includes senior leaders like board members and the strategy officer, ensuring decision-making authority and alignment with corporate goals. Similarly, *Signify's* team features the CEO and functional leaders, blending strategic oversight with operational insights.

The involvement of the strategy department is pivotal. Strategy leaders identify and evaluate projects and act as a counterbalance to ensure short-term pressures don't overshadow long-term goals.

Maintaining Strategic Fit

Portfolio teams continuously evaluate projects against strategic benchmarks. For

example, *Signify's* LED lighting initiative for indoor agriculture started as a venture investment but grew into a strategic business line as it consistently aligned with the company's vision. Similarly, the COVID-19 pandemic prompted *Signify* to prioritize ultraviolet disinfection technologies, demonstrating the portfolio team's agility in responding to market shifts.

Key Activities of Portfolio Teams

Four key activities are common to portfolio teams across various companies:

1. **Prioritization and Capacity:** The team establishes criteria for selecting and prioritizing initiatives, which may vary depending on the company. Factors considered include potential for outsourcing, alignment with core technology, budget and finance feasibility, and geographic portfolio balance. The team also sets limits on the number or budget for projects to ensure the company can effectively support them.
2. **Stakeholder Inclusion:** Portfolio teams typically comprise senior executives (for decision-making authority), strategy department leaders (to ensure alignment with overall strategy), and representatives from relevant business segments (to guarantee project execution). The strategy department and its leader are crucial in identifying and evaluating potential projects, translating long-term goals into concrete projects, and aligning stakeholder interests.
3. **Cadence and Rhythm:** Portfolio teams meet regularly to review projects and ensure alignment with evolving strategies. The frequency can vary based on the organization's needs and the nature of the projects, ranging from quarterly meetings to more frequent reviews. Advanced scheduling and standardized formats help facilitate efficient

decision-making and commitment from busy executives.

4. **Monitoring and Adjustment:** Portfolio teams continuously monitor project performance against benchmarks and evaluate strategic fit. As strategies and projects evolve, the team ensures continued alignment, adjusting the project portfolio to meet changing circumstances and capitalize on emerging opportunities.

The Case for Portfolio Teams

In dynamic markets, medium-term projects play a critical role in strategic agility. Portfolio teams ensure that promising ideas align with corporate goals while adapting to changing circumstances. Their structured yet flexible approach allows companies to innovate responsibly, balancing creativity with strategic intent.

▶ Why Blaming the CFO Is Too Simple: The Complex Story Behind Innovation Cuts at Walmart, GM, and Intel



Andy Binns

Author of *Corporate Explorer* and *Corporate Explorer Fieldbook*



In the corporate world, innovation often occupies a paradoxical space: everyone wants it, but not everyone is willing to invest in it when times get tough. When companies like *Walmart*, *GM*, and *Intel* recently shuttered their innovation labs, many pointed fingers at the CFOs, accusing them of undermining forward-thinking projects for short-term savings. However, blaming the CFO oversimplifies a more intricate story, argues Andy Binns.

What really drives these decisions? And are they as detrimental as critics suggest? Let's take a closer look at these high-profile closures, explore the dynamics at play, and examine if they truly mark an end to innovation.

Innovation Labs: The Corporate Playground for Big Ideas

Innovation labs have become trendy fixtures in large corporations. By setting up these dedicated units, companies like *Walmart* and

GM aim to tap into entrepreneurial agility, mirroring the approach of lean startups and promising to bring fresh ideas to market. For example, *Walmart's Store No. 8* lab experimented with e-commerce and virtual reality solutions, while *GM* explored new mobility options through its *Maven* division.

However, these labs can become insulated, pursuing "big ideas" that don't always align with the company's core operations. This disconnection can make them vulnerable targets when cost-cutting initiatives arise.

To an outsider, it may look like a CFO-driven move focused solely on financial prudence, but the reality involves a mix of strategic, operational, and cultural factors that influence these decisions.

A Financial Misconception: The Role of the CFO

CFOs are frequently cast as the villains in these narratives, perceived as risk-averse gatekeepers of the company's financial resources. Critics argue that CFOs prioritize immediate profits over long-term value creation, leading them to pull the plug on initiatives that don't deliver instant returns. But in reality, they work within a broader framework of corporate governance, responsible not just for immediate cost management but also for balancing the company's short- and long-term objectives.

In many cases, these innovation labs are closed after careful consideration, not as knee-jerk reactions. *Walmart's* decision to end *Store No. 8*, for instance, wasn't simply about finances; it reflected a reassessment of strategic priorities as the company doubled down on more scalable digital initiatives that could directly impact their mainline operations.

When Labs Outgrow Their Sandbox

Another reason for these closures is the success and subsequent integration of innovation projects. In some cases, once an idea has matured, it's better suited to become part of the main business rather than remain in a separate silo. Successful ventures that have proven their value can scale faster and integrate more seamlessly within the core operations.

This was the case for *GM's Maven*, a car-sharing service that initially gained traction but eventually was seen as less viable within *GM's* broader strategy. Integrating these insights into the core business allowed *GM* to streamline its focus on electric and autonomous vehicle development without the overhead of maintaining a separate innovation unit. Here, the decision to close the innovation lab wasn't a failure but a recalibration of resources toward what's next.

Evaluating Success and Failure: A Fine Line

It's essential to understand that not every innovative idea pays off, and that's a fundamental part of innovation. These labs often operate with the freedom to fail, encouraging risk-taking and experimentation. However, corporate patience for failures has limits, especially in environments with fluctuating economic conditions or evolving market demands.

Intel's decision to dissolve its innovation lab highlights this tension. The lab was established to explore new markets but ultimately struggled to find a profitable foothold. For *Intel*, it became a question of whether the resources allocated to the lab could be better deployed within areas closer to the company's existing strengths in chip design and manufacturing. This shift illustrates the hard truth that sometimes the best path forward is to abandon ideas that don't work as anticipated and reallocate efforts to more promising ventures.

Redefining the Measure of Innovation

The notion that closing a lab equals giving up on innovation is flawed. Innovation doesn't

have to exist in isolated labs; it can and should permeate the entire organization. By incorporating the learnings from these experiments into mainstream operations, companies can achieve a more sustainable and impactful approach.

For instance, *Walmart's* investments in e-commerce and digital transformation weren't limited to *Store No. 8*. By absorbing key insights from the lab's projects, *Walmart* strengthened its online presence and logistics, boosting its competitive position against e-commerce giants. This shift from a siloed innovation model to a holistic approach signifies that innovation is still very much alive but being pursued in a way that's more integrated and, arguably, more effective.

Innovation on the Chopping Block? The Strategic Reset

The decision to end an innovation lab should be seen as part of a broader strategic reset.

Companies must continually reassess which initiatives align with their evolving priorities. What once seemed essential may later appear misaligned with the company's goals.

For *GM*, the closure of *Maven* marked a transition to focus more resources on electric and autonomous vehicles. This pivot reflected a commitment to lead in emerging mobility technologies rather than spreading itself thin across various side ventures. Here, the closure served as a means of refocusing rather than retreating from innovation.

The tension between innovation and profitability isn't likely to disappear anytime soon. But as we've seen, CFOs play a more nuanced role than merely "cutting costs." Their involvement is part of a larger process of ensuring that innovation aligns with overall business objectives. While budget constraints may appear to stifle creativity, they can also drive it, forcing companies to refine their focus and ensure that innovation delivers measurable value.



Steve Kopp

Director, Nexwave Incubation Office | Chairman of the Amadeus Executive Incubation Board



Wins in 2024

Steve's proudest achievements in 2024 include the successful exits of two validated and pre-scaled businesses, marking key milestones in his efforts to transition early-stage innovations into more established business models. These exits demonstrate the value of a solid approach to scaling and transferring businesses within the broader organizational structure.

Learnings and Challenges

A key learning for Steve has been “the importance of establishing a solid financial operating model upfront to fund the transfers of validated businesses.” A critical part of this process is finding the right docking points—ensuring the business aligns strategically with the core organization, leverages built-in advantages, and finds the right home within the business structure. Additionally, transferring an EBITDA-negative business into a Business Unit's P&L has posed challenges, particularly in balancing the negative impact on the financials during the first year. To mitigate this, Steve's team has introduced a new funding mechanism where the incubator absorbs the financial hit for the first year, backed by a “money-back” guarantee to ensure financial security for the business unit.

Advice for Innovators

Steve advises that when transferring businesses, it's crucial to focus on strategic fit and identify the right place for innovation within the core business. This includes understanding the interactions between the incubated business and the business unit it will be transferred to, and carefully managing the financial impact of that transition. He also highlights the importance of in-built financial guarantees to protect both the incubator and the receiving business unit during the initial transfer period.

Plans for 2025

Looking ahead, Steve plans to “further formalize the transfer process to make it more predictable and part of the overall incubation lifecycle.” This will help streamline the transition of businesses from incubation to the core, reducing risk and ensuring smoother integration. He also plans to refresh the methodology to better support the incubation of platforms as business models, ensuring that the approach can scale with more complex business models and evolving market needs.

▶ Creating Ambidextrous Organizations for Growth



Lisa Kuttner

Innovation Manager at Raiffeisen Bank International



Most organizations face the “innovation tug-of-war” to balance future opportunities with continued optimization of existing operations. This is especially true in industries like banking, where tradition meets rapid technological change.

Lisa Kuttner, Innovation Manager at *Raiffeisen Bank International (RBI)*, explores this delicate balance through the lens of ambidexterity.

Securing the Future While Maintaining the Present

Building a successful ambidextrous organization requires specific support structures for different types of innovations. While the core business model may thrive today, forward-looking companies recognize that innovation is the key to long-term survival. *RBI's* journey toward ambidexterity has been deliberate.

“We understand that banking will change. We won't always be as regulated or protected, so we have to prepare for that,” Lisa explains. *RBI* isn't just focusing on incremental improvements but actively seeking to lay the groundwork for future business models. This includes supporting current operations while also building new capabilities through explorative initiatives.

Tip 1: Clear Language

The first step was to define a common language around innovation. “This sounds so simple, right? But let's use the same words for the same things.” *RBI* adopted the

terms “*Exploit*” and “*Explore*” to differentiate between incremental improvements and more disruptive, exploratory projects. The goal was to ensure that everyone, from board members to front-line employees, understood and could align around these definitions.

To reinforce this clarity, Lisa's team created a seven-point scale to classify projects, with 1 to 4 representing *Exploit* innovations and 5 to 7 being *Explore* projects. “We went to the board and explained the difference, emphasizing that *Exploit* projects have lower innovation risk, while *Explore* projects require more validation because we simply don't know what we don't know.”

The payoff came after months of repetition when a board member finally grasped the framework: “He said, ‘Okay, I get it, we're supposed to use *Exploit* and *Explore* now,’ and we were just like, ‘Yes, you got it!’” It was a breakthrough moment in aligning the organization around a shared understanding of innovation.

Tip 2: Visibility for All Innovations

One of the early challenges was visibility, especially when the board began to question the status of ongoing innovations. “They said, ‘Where are the innovations? You're not doing anything!’ And I had to point out that

significant *Exploit* projects were happening in their own departments,” Lisa recalls.

In response, they introduced an “Innovation Day,” an event designed to highlight impactful, though not always flashy, projects. “We didn’t just present the media-worthy projects,” Lisa explains. “We showcased the ones that were truly driving impact, even if they weren’t considered *Explore* innovations.” The goal was to recognize all levels of innovation and encourage collaboration across the organization.

This strategy paid off. By highlighting ongoing projects, they ensured that people across the business understood the breadth of innovation efforts in place. This event became a powerful tool to honor employees’ contributions and showcase meaningful work, creating a culture of recognition that encourages engagement across both innovation fronts.

Tip 3: Dedicated Initiatives for All Innovations

To manage both types of innovations effectively, Lisa’s team established distinct initiatives for each. For example, they created a “Mini-Entrepreneurship Program,” where employees could work part-time on their ideas with coaching and support. “People have to drive their projects themselves,” Lisa says. “If they want to take ownership of their idea, they can come in and work on it—but we don’t backlog ideas for them.”

They set up autonomous teams for *Explore* innovations that work independently on new, high-risk ideas. “These teams get a different governance structure, more content-making support, and funding from us. They have the freedom to explore,” Lisa explains. They also recently added a Venture-Building team tasked with finding new business models as their full-time job. “Their goal is to validate

ideas, and they’re measured on the amount of learning they generate—not on whether the project succeeds or fails.”

Struggles Along the Way: Managing in Parallel

Despite progress, Lisa is the first to admit that the journey hasn’t been smooth. “Running the whole thing in parallel is a huge struggle,” she acknowledges. “We have to be careful not to spend all our time managing up and focusing only on *Explore* projects, while *Exploit* initiatives still need support and attention.”

Balancing the needs of different countries in the network adds another layer of complexity. “Some banks in our network need to focus entirely on *Exploit*. They’re playing defense right now, and that’s okay. But others want to push forward with *Explore* initiatives. It’s a constant balancing act,” Lisa says. “We try to make our initiatives reusable and adaptable for different countries, but sometimes a little competition among regions can spark ambition,” she notes, referencing the collaborative yet competitive dynamic that drives innovation at a regional level.

Additionally, aligning senior management with innovation efforts can be challenging. “They sometimes get mixed up in what type of innovation we’re talking about,” Lisa admits. However, Lisa and her team remain committed to continuous communication, ensuring that both types of initiatives receive the attention and resources they need.

The Long Haul to Ambidexterity

Lisa’s three core strategies for creating an ambidextrous organization are simple yet effective: clear language, visibility, and customized initiatives. *RBI*’s path to ambidexterity is a long-term commitment. “We’re a year in and still figuring it out,” Lisa reflects. But the rewards are evident. *RBI* is

positioning itself for sustained success in a rapidly changing banking landscape by fostering an organization that can support both *Exploit* and *Explore* innovations. “We’re not perfect, but we’re honest about our failures, and we’re committed to building

an organization that can thrive today and in the future. It’s challenging but rewarding,” she concludes, underscoring the value of ambidexterity as a path to sustainable success.

▶ Building an Innovation Unit from Scratch: Key Insights from BCP Bank



Jose Pajuelo Billinghamurst
Venture Portfolio Manager at BCP’s Center for Innovation



Creating a successful innovation unit within a large, traditional organization like Peru’s *Banco de Crédito del Perú (BCP)* requires navigating legacy processes and cultural hurdles.

Jose Pajuelo Billinghamurst, Venture Portfolio Manager at *BCP’s Center for Innovation*, shares his challenging yet rewarding journey from inception to achieving impact.

Shifting from Legacy to Lean

Jose explains that the *Center for Innovation’s* initial focus was speed. “The bank was used to waterfall processes,” he reflects, describing a rigid, sequential approach that often left products outdated by launch. The new mandate? A pivot to fast, iterative development cycles that prioritized learning over perfection. To accomplish this, they adopted a production line model that separated projects into research, building, market validation, and growth stages. Each stage had tight timelines—research capped at three months, building at one month—to ensure projects progressed swiftly and adaptively.

Structuring for Autonomy

Autonomy became a cornerstone of the *Center’s* operations because of the significant regulatory

and security concerns typical in banking. By securing an independent “tenant” on *Microsoft Azure*, the team could innovate quickly while maintaining the bank’s high security standards. “With our own tenant,” Jose explains, “we could operate without the constraints that usually bog down traditional bank projects.” This separation empowered the team to sidestep lengthy security checks and manage smaller, low-risk projects quickly and without constant approvals.

Talent and Tools for an Agile Team

Jose emphasizes attracting the right talent for a flexible innovation team. This often meant looking outside traditional hiring criteria. “Our team needed full-stack developers,” he shares, noting that the bank’s hiring system prioritized specific programming languages incompatible with the *Center’s* experimental work. By managing recruitment themselves, they gained the agility to source the necessary skill sets, tailoring hiring to meet evolving project needs.

Alignment with Corporate Priorities: Lessons from 2022

As the *Center's* projects matured, Jose faced the new challenge of aligning innovation with the bank's strategic priorities. Initially, they invested heavily in long-term projects, like a novel credit-scoring model for Peru's largely cash-based population. However, corporate stakeholders began seeking faster returns, creating tension around project timelines. This pressure led to a critical realization that innovation efforts must harmonize with core business goals, even in a forward-looking environment. "If our projects don't align with the corporation's goals, they may not survive," Jose admits, underscoring the need for proactive alignment with *BCP's* strategic vision.

Since restructuring in 2022, the *Center* has achieved an impressive 80% project survival rate. This high success rate underscores the effectiveness of their alignment efforts and the continuous support provided to ensure projects are integrated into operations.

Part of the restructuring process involved creating dedicated team roles for business development and stakeholder alignment. This ensured that projects were validated and better positioned to integrate smoothly into the bank's core business operations, increasing the likelihood of adoption.

Aligning with Management: Engaging Stakeholders and Building Alliances

Jose employs various strategies to ensure the *Center* stays aligned with management and keeps its goals in mind. First, the innovation team holds regular meetings to discuss results and decisions with stakeholders. This allows for constant updates from both sides and also gives Jose insights into what the stakeholders are focusing on.

Secondly, Jose participates in Quarterly Business Review (QBR) meetings where top leaders of the bank present their plans. By attending these meetings, he gets the inside scoop on their strategies and goals. "Whenever I'm building a presentation on what we've achieved, I try to present our results in a way that shows that we're helping them reach their goals," he shares.

Thirdly, they engage with the "troublemakers" within the organization, those who are the loudest critics of innovation. Jose explains that he consciously chooses these key influencers as his point of contact in each division. By involving them in the process, he gains valuable support and accelerates project approvals, creating stronger internal champions.

Achieving Sustainability: From Handoff to Growth

A crucial aspect of the *Center's* success has been its approach to project handoffs. "The first 12 months after a project leaves the *Center for Innovation*, we still supervise it," Jose notes. This support includes funding and guidance to achieve break-even, providing a soft landing as projects transition from incubation to integration. Additionally, Jose's team maintains ongoing communication with stakeholders to keep them informed and engaged, a strategy that has significantly improved the sustainability of the *Center's* initiatives.

One of the *Center's* standout achievements is *Yape*, a mobile payment platform that has grown into one of Peru's most widely used digital services. *Yape's* journey from a startup concept to a self-sustaining business illustrates the importance of giving projects the runway to scale and establish a user base before pushing for profitability. "We knew it would lose money for the first seven years," Jose recounts, "but once we hit critical mass, the return on investment became clear."

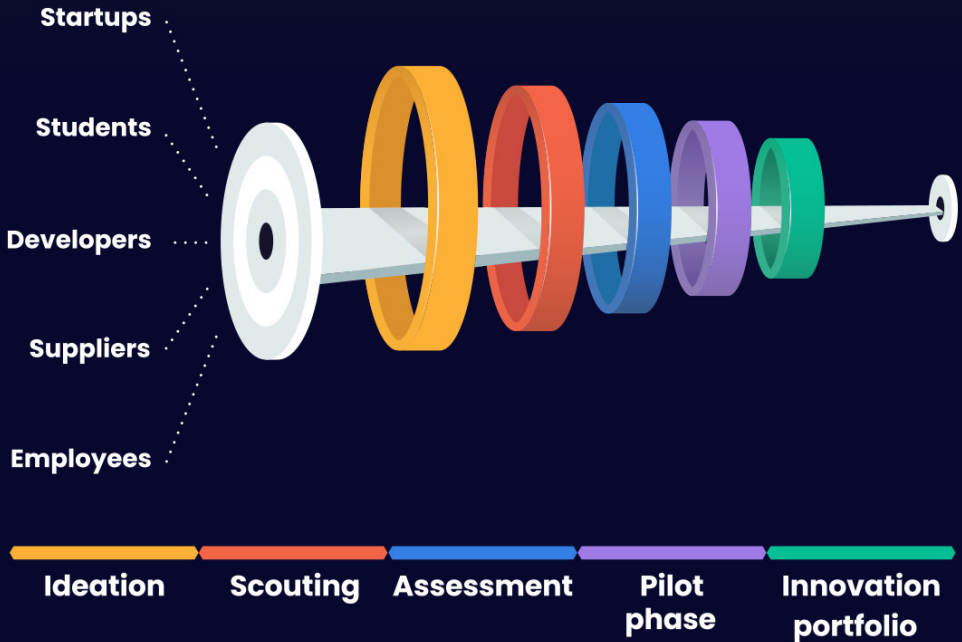
Practical Takeaways for Innovation Leaders

Reflecting on his experience, Jose outlines five actionable takeaways:

1. **Separate technology to reduce risk:** Innovation often requires a distinct technology infrastructure to avoid interference with legacy systems and security protocols. Establishing an independent environment enabled the *Center* to test and iterate quickly.
2. **Prioritize action over perfection:** “Done is better than perfect,” Jose says, emphasizing the need to iterate rather than waiting for an ideal product.
3. **Build the right team:** Effective innovation demands a mix of skills that are only sometimes available within traditional corporate structures. Jose advocates for a rigorous hiring process to identify adaptable, forward-thinking talent.
4. **Find strong sponsors:** Innovation units must secure internal champions willing to back and eventually adopt projects. “Having a committed sponsor increases a project’s chance of success post-handoff,” he explains.
5. **Strategic sacrifices:** Resources are finite, so it’s essential to deprioritize certain areas consciously. For instance, Jose’s team deliberately avoided costly blockchain development, focusing instead on AI-driven efficiency.

By balancing autonomy with alignment and maintaining a lean, agile approach, *BCP’s Center for Innovation* continues to push the boundaries of traditional banking while ensuring projects deliver tangible value. Jose aptly concludes, “Innovation doesn’t always need to be perfect—it needs to be impactful.”

Manage your innovation process, from idea to impact

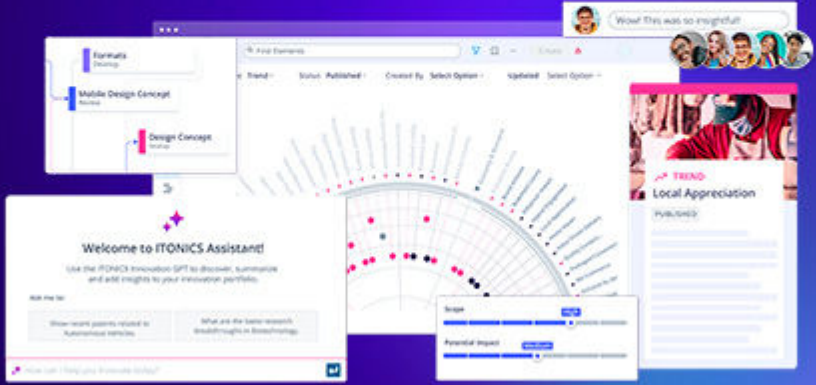


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Foresight, Business Design & Venture Building

① The Death of the Double Diamond and the Emergence of the AI-Powered Stingray Model



Natasha Nair
Associate Director at Board of Innovation



The explosive emergence of generative AI (GenAI) is leading to the relevance of a new model, the “Stingray Model,” which is making established frameworks obsolete.

Recognizing the transformative role of GenAI, Natasha Nair from *BOI (Board of Innovation)* suggests that innovation, traditionally rooted in empathy and hypothesis-driven experimentation, is undergoing a rapid evolution. This new model represents a reimagined approach to tackling today’s complex innovation challenges with unprecedented efficiency and adaptability.

A New Paradigm

Natasha frames AI’s role in innovation as part of a historical progression. “In the early 2000s, design thinking redefined product development around empathy,” she explains, “then Lean Startup added a focus on hypothesis-led experimentation. Now, in the 2020s, we’re witnessing AI fundamentally reshape how we approach corporate innovation.”

AI-powered innovation allows companies to improve existing frameworks but also opens the door to new ways of innovating that wouldn’t have been possible without AI. We’re at the start of a new era where we need to rethink innovation entirely. Let’s consider comparing AI’s impact on innovation to the evolution of the newspaper in the digital age. What started as a simple transition to an online format soon evolved into entirely new modes of news consumption that leverage

the possibilities of the new formats. News has evolved to be interactive, personalized, and dynamic, only made possible through digitization.

Moving Beyond the Double Diamond

The *Double Diamond Model*, developed in 2005, has long served as a staple in innovation strategy, structuring the process into phases of diverging to explore problems and converging to identify solutions. However, Natasha argues that the model is losing relevance as GenAI brings new capabilities. “Innovation success is no longer about human thought alone but about managing the complex interplay between human creativity, AI, and vast data pools.”

The *Stingray Model*, in contrast, addresses three core limitations of the *Double Diamond* approach:

1. **Integrated problem-solution exploration:** Success in innovation is no longer about human thinking alone. AI vastly reduces the long back-and-forth process between problem and solution spaces. The *Stingray Model* enables simultaneous exploration, leveraging AI to analyze diverse solutions and data inputs in real-time.

2. **Emphasis on feasibility and viability:** Unlike the *Double Diamond's* heavy focus on desirability, the *Stingray Model* allows companies to incorporate feasibility and viability constraints from the outset, avoiding the costly pitfall of developing products that can't be realistically executed.
3. **Reducing human bias:** While AI models inherit human biases from their training data, Natasha notes that de-biasing AI is more straightforward than de-biasing human decision-makers. "Human biases are ingrained, but with AI, we can continually refine the model's objectivity, leading to more inclusive solutions."

Instead, the *Stingray Model* allows teams to:

- Allocate resources effectively and promptly
- Focus on experimentation, not just empathy
- Get to problems and solutions faster
- Overcome human bias
- Work on tougher challenges

Introducing the Stingray Model: Train, Develop, Iterate

The three-stage structure maximizes the collaboration between AI and human insights as follows:

1. Train

This first stage delivers solid, prioritized hypotheses on problems and solutions, delivering a model tuned to act as a starting point for the rest of the project based on the set goals. It involves defining project goals, gathering relevant data, and training the model to identify critical problem areas.

"You're not just setting metrics here; you're inputting market data, consumer needs, feasibility constraints—anything that impacts the problem landscape." By analyzing the

intersections of these data sources, the model generates prioritized hypotheses, often in hours rather than weeks.

2. Develop

This stage simultaneously generates an extensive range of hypotheses on potential problems to solve and possible solutions. AI generates a vast array of potential solutions, which are then enhanced by human creativity.

Natasha explains, "It's at the intersection of AI and human insight where innovation truly thrives. AI provides a foundation, and human intellect stretches and reshapes these ideas for added depth."

3. Iterate

This stage delivers an iterative process of experimenting to narrow down, de-risk, and hone in on a more focused set of solutions. The final phase involves synthetic testing and refinement, with confidence increasing as the process advances.

"Synthetic testing allows us to anticipate consumer reactions, viability, and feasibility within a controlled environment. As our confidence builds, we gradually shift to real-world testing, culminating in high-fidelity prototypes," Natasha says.

This stage typically lasts longer than the other two phases. Natasha's team conducts many AI-powered experiments incorporating AI agents and synthetic testing to give feedback, as well as AI chatbots that can interview customers. "We're creating all kinds of custom engines that actually do all of this stuff autonomously."

In the end, once the iteration stage is complete, you have a well-tested, viable product concept ready to be piloted.

Testing and Validation

AI can be an extremely powerful tool for business validation. By incorporating revenue and scale constraints into AI models, companies can predict the commercial viability of a concept early in the process. Additionally, synthetic testing can be tailored to fit any innovation horizon, with AI-driven foresight creating “future worlds” to test transformative innovations before real-world data is available.

How do we mitigate bias in generated ideas? Natasha acknowledges this challenge, explaining that biases often stem from the data on which AI models are trained. The solution? Ask AI to help you identify which biases are prevalent within your dataset. “Once AI has helped you identify those biases, you can correct for them,” she notes.

You may also be wondering what makes a good prompt. Crafting effective prompts

depends on the specific business problems, but, in general, it involves setting clear parameters and progressively breaking down complex queries. “GenAI works best when asked step-by-step questions,” Natasha advises.

Unlocking the Power of GenAI in Corporate Innovation

The practical applications of the AI-powered *Stingray Model* are undoubtedly vast, especially considering the rapid pace of AI advancements. Natasha and her team have already successfully implemented AI solutions for various clients, from autonomous concept generation to synthetic testing. For her, we’re just starting on a pathway to a new era of innovation that blends human creativity with the powerful computational abilities of AI, positioning companies to meet tomorrow’s challenges with unparalleled speed and precision.

▶ Prototyping New Businesses: The Good, The Bad and The Ugly



Daniel Martin Callizo
Co-founder & Managing Partner at NOBA



Prototyping isn’t only for product development. It’s also a powerful method to test new business ideas in real-world conditions. As companies look to innovate, they must test the technical feasibility of ideas and their market desirability.

Daniel Martin Callizo, founding partner at *NOBA* and a prototyping expert, shares his insights on how organizations can use business prototyping to reduce risk, gather data, and make informed decisions about scaling new ventures. Here’s how Daniel breaks down the good, the bad, and the ugly

of prototyping new businesses.

Prototyping for Real Insights

Daniel reminds us that innovation is more than creating flashy prototypes or running endless experiments. “The goal of innovation isn’t just to build prototypes; it’s to gather

real market metrics and insights that help us decide whether or not to invest in a new business idea.”

Prototyping helps companies assess whether their ideas have customer demand and financial viability. An approach that is especially critical as companies shift from treating innovation as a cost center to seeing it as a source of revenue with a long-term return on investment.

Prototyping a business idea involves more than just testing product features. “A business prototype helps you validate and experiment with various parts of a business model,” Daniel explains. This includes everything from identifying the proper distribution channels to determining how a company will make money. Essentially, a business prototype tests whether the idea can create and capture value in the real world.

Business prototyping differs from the minimum viable product (MVP) approach. “An MVP delivers the full experience, while a prototype helps you validate just one part of your hypothesis,” he clarifies. Prototyping is often faster and less resource-intensive, making it a powerful tool for testing the waters before making significant investments.

The Power of False Door Testing

One of Daniel’s favorite methods for validating a business idea is the false door test, which involves creating an online or offline campaign to gauge customer interest in a product that doesn’t yet exist. In one example, a German company wanted to launch a sustainable powder shampoo. To validate the concept, they ran social media ads directing interested users to a landing page miming an e-commerce experience. When customers tried to purchase the shampoo, they were told it wasn’t yet available but could leave their contact information for future updates.

This simple test provided valuable data on customer interest, pricing sensitivity, and even potential early adopters. The best part was that they didn’t need to develop the product. “The beauty of the false door test is that it’s quick, real, and gives you data that goes beyond what people say they would do,” Daniel notes.

Testing in Regulated Markets

Business prototyping isn’t limited to digital products or simple consumer goods. Daniel also highlights an example from the financial services industry. His team worked with a pension fund provider to test a micro-savings feature. “We weren’t allowed to build the actual app, so we partnered with an insurance broker and used an existing app to simulate the experience,” he explains. By piggybacking on an existing regulated product, they were able to validate whether the micro-savings feature would lead to increased savings, even without building the entire infrastructure.

The takeaway? Even in regulated industries, companies can prototype aspects of their business model using creative workarounds like partnerships and existing technologies.

Overcoming Common Challenges

Of course, prototyping in a corporate environment comes with its share of challenges. Daniel points out several common roadblocks, including:

1. **Reputational risk:** Large companies are often hesitant to launch experiments that could fail publicly. He suggests using “burner brands” or temporary identities to test ideas without risking the company’s core reputation.
2. **Cultural resistance:** Prototyping is fast-paced and requires flexibility, which can clash with the more rigid structures of

established organizations. To overcome this, Daniel recommends setting up a small, agile team that can operate independently but keeps stakeholders regularly informed.

3. **Regulatory hurdles:** Testing new business ideas in heavily regulated markets can be daunting. Daniel's solution? Partner with companies already licensed and certified to operate in that space. This allows you to validate your idea without jumping through extensive legal hoops.
4. **B2B challenges:** Testing in B2B markets often involves smaller customer bases and longer sales cycles. Daniel suggests finding early adopters and co-creating solutions rather than relying on large-scale data collection.

Business prototyping requires the right tools, the proper methods, and the right people. "You need a team that's comfortable

with uncertainty and has an entrepreneurial mindset," Daniel advises. This means assembling a group of individuals willing to take risks, iterate quickly, and pivot when necessary. Daniel also underscores the importance of autonomy.

Prototyping as a Path to Innovation

Business prototyping offers companies a fast, low-risk way to test new ideas before committing significant resources. "At the end of the day, innovation isn't about how many prototypes you build or how many experiments you run, but it's about creating value that both customers and your company can benefit from," Daniel highlights. Prototyping is the tool that gets you there faster and with greater confidence.

▶ How CEOs are Turning Corporate Venture Building into Outsize Growth



Belkis Vasquez-McCall, Daniel Aminetzah, & Markus Berger-de León, with Paul Jenkins and Shaun Collins

Partner at McKinsey & Company | Senior Partner at McKinsey & Company | Senior Partner at McKinsey & Company



CEOs are constantly seeking ways to achieve rapid growth and maintain competitive edges. Increasingly, they are turning to corporate venture building—a model that empowers companies to launch new businesses within their existing frameworks. When done right, this approach brings breakthrough innovations to market quickly, taps into new revenue streams, and pushes the boundaries of traditional corporate growth strategies.

But why has corporate venture building become such a high priority? And how are CEOs ensuring these ventures not only launch but thrive?

The Power of Corporate Ventures

Findings from the *McKinsey Global Survey* show that companies investing 20% of

growth capital in ventures achieve two percentage points higher revenue growth. Of the surveyed companies, new ventures contribute 16% of enterprise value for surveyed companies. Based on these findings, it's clear that corporate venture building is a strategic lever that drives results.

Consider the insights of Markus Berger-de León, an expert in digital growth and corporate innovation. He highlights how these ventures create an “innovation engine” within a company, producing new offerings that can operate independently and potentially disrupt the market. Unlike traditional R&D units, ventures are structured to accelerate growth, combining the flexibility of startups with the backing of a larger corporation. This duality of speed and support creates a uniquely powerful ecosystem for innovation.

The Six Key Actions for Successful Corporate Venture Building

The *McKinsey* survey identified significant performance differences between expert and novice venture builders. Expert builders experience double the success rate and generate significantly higher revenue from their ventures. Based on the survey findings and an analysis of venture-building practices, six key actions differentiate expert venture builders from novices.

- 1. Take a disciplined portfolio approach:** Experts build multiple ventures simultaneously, diversifying their risk. They follow a structured process to identify, evaluate, and launch new ventures with precise market needs.
- 2. Dedicate funding:** Expert builders allocate specific financial resources to ventures, which helps scale them effectively and correlates with higher revenue after five years.
- 3. Balance independence with connection to the core:** Experts allow venture decision-making independence while providing access to the core organization's assets, enabling agility and growth in diverse industries.
- 4. Show support from the top:** C-suite sponsorship is crucial for overcoming internal resistance and securing necessary resources, with experts more likely to have top-level champions and leaders overseeing venture creation.
- 5. Staff a dedicated team with expert talent:** Experts build dedicated teams with clear roles and incentives, focusing on attracting and developing specialized talent to drive success.
- 6. Look outside the organization's boundaries for any missing capabilities:** Experts use external partnerships and acquisitions to fill capability gaps, resulting in higher venture revenue, particularly for those who acquire businesses during the venture-building process.

What Leading CEOs Are Doing Differently

The CEOs who succeed with corporate ventures recognize that nurturing these initiatives requires a different playbook from their primary business operations. Here are a few strategies successful CEOs use to drive venture success:

1. Emphasizing Autonomy Within a Structured Framework

Effective CEOs grant corporate ventures a degree of independence to cultivate startup-like agility. This often means allowing venture teams to set their own goals, timelines, and work culture while benefiting from the parent company's resources and guidance. The balance is delicate but essential: autonomy helps these ventures experiment and pivot

quickly, but structure keeps them aligned with the company's broader vision.

2. Appointing Leaders with Entrepreneurial Mindsets

Building ventures demands leadership with a high tolerance for risk and an entrepreneurial spirit. CEOs often hand-pick leaders who understand the nuances of running a startup, including the need for lean operations and rapid prototyping. These leaders are critical in making ventures feel like separate entities, allowing them to innovate in ways traditional divisions may not.

3. Ensuring Access to Corporate Resources and Market Insights

For corporate ventures, backing a well-established company is a golden advantage. CEOs who excel in venture building prioritize giving teams access to resources that would be out of reach for a traditional startup, like advanced R&D facilities, customer data, and supply chain expertise. This support enables ventures to scale faster and more sustainably than standalone startups.

Overcoming Common Challenges

Launching a corporate venture isn't without its challenges. CEOs often face unique hurdles that can derail even the most promising initiatives. Here's how they're tackling these issues head-on:

Navigating Internal Resistance

Introducing new ventures can stir resistance from established business units wary of the change. Forward-thinking CEOs work to build a culture of innovation across the organization, framing new ventures as value-adding elements rather than threats. Leaders can promote collaboration and

align company-wide objectives by fostering communication between core teams and ventures.

Managing Financial Expectations

Corporate ventures require a high upfront investment, which can be a sticking point for executives used to steady returns. Savvy CEOs set realistic timelines and communicate that these ventures may not deliver immediate returns but are crucial long-term bets. This approach helps cultivate patience and support from investors and board members who understand the potential for outsize growth.

Adapting to Market Shifts

Markets are evolving at unprecedented speeds, and CEOs must ensure their ventures stay relevant. Leading CEOs encourage venture teams to prioritize market awareness and regularly assess competitive dynamics. This agile mindset allows ventures to adapt products and services in response to customer needs or shifts in the industry landscape.

Emerging Trends and Opportunities

The corporate venture model is evolving, and the future holds exciting possibilities for companies willing to embrace this approach. New trends are surfacing, including an increased focus on sustainability and social impact. Ventures that align with these values may attract greater public support, appeal to a broader customer base, and even enjoy government incentives for sustainable practices.

Furthermore, the rise of digital transformation means corporate ventures are increasingly technology-driven. AI, machine learning, and data analytics are becoming fundamental to

these ventures, enabling them to innovate faster and more precisely. CEOs leading the way in corporate ventures are thus investing heavily in tech talent, making digital competencies a core pillar of their venture strategies.

Embracing Venture Building for Tomorrow's Growth

Corporate venture building represents an unparalleled opportunity for CEOs to drive

future growth. Those who master the balance between autonomy and structure, select the right leaders, and maintain a flexible approach to market changes will set their companies up for lasting success.

The journey may be complex, but for companies ready to innovate boldly and invest strategically, corporate ventures hold the key to creating outside growth in a rapidly changing world.

▶ The Big Reset for Corporate Venture Building—Long Live Investment Building



Misha de Sterke & Jeroen Tjepkema
Founder & CEO at 10xGrowth | Partner 10x Growth



Innovation may be attacked, criticized, or even ridiculed—but no business can afford to view it as unimportant. However, for innovation to be pursued effectively, it must be adequately defined to make sense in a corporate environment. Many innovation labs are closing, while \$2.4 trillion is spent on R&D annually worldwide, even though 80–90% of product launches in the CPG industry fail.

The time is right to redefine corporate innovation to help large companies capture growth faster, exploiting/stretching existing assets and executing in a more consumer-centric manner, suggest Misha de Sterke and Jeroen Tjepkema from 10x.

Part One: Corporate Innovation Redefined

It's essential to re-evaluate what corporate innovation means. Misha and Jeroen suggest to (re-)define corporate innovation as follows:

A strategic method that avoids small, niche ideas in favor of expanding and adapting

existing products/services in new ways to improve, grow, and transform the core business. The goal is to develop a growth portfolio that bridges a company's growth gap, future-proofs revenue streams, and creates a compelling growth story for investors. It's about protecting, growing, or transforming the core—not moving away from it.

Instead of being made up of entrepreneurs with an in-built hunger to adapt to any challenge, corporations leverage organizational charts, rigid procedures, and their core assets to provide structure for renovating their product portfolios around

near-future consumer demand. For most, this creates the least tension with existing processes and allows corporations to maintain size. It also introduces a plateau to growth.

Timing Is Everything

Each core business will find its growth plateau in terms of current market share and, therefore, naturally declines. By focusing on near-term innovation to protect their existing size, margins, and market share, corporations have trouble understanding the impact of long-term trends on their existing product portfolios.

They often fail to find the right balance between embracing a trend too early and stepping in too late. They remain unable to weigh up innovation and execution to create, in Rita McGrath's words, "an imagination premium that Wall Street can get behind."

This imagination premium (McGrath, 2021) describes the value of a company's equity beyond what can be readily explained by its current reality. This is why companies like Amazon and Tesla derive huge valuations based on investors' belief in their potential growth and market share potential.

The imagination premium points to another underlying effect: the growth gap. At some point in time, sales of a product or portfolio of products will decline if they remain unaltered, creating space for competition. Therefore, innovation is essential for any business to sustain and expand its current market share.

This renewed call for core innovation is about establishing a clear process to include innovation within product portfolio development. It's not about growing a new business from scratch but rather acquiring, investing, and stretching current

manufacturing assets that push existing brands into new spaces. Your future portfolio omission becomes the core.

Out With the Old

The challenge for any corporate innovator is shifting from building MVPs to understanding the financial thresholds determining whether innovation can bridge a growth gap. Innovations should be looked at as investments. Create value, demonstrate the growth trajectory, and then "sell" that innovation back to the mothership for core growth.

It is time for a big reset in corporate venture-building land.

Part Two: The Corporate Innovation Contradiction

The operating models of many large corporations focus on execution at scale. Here, things frequently go wrong with incubators, as corporate innovators and venture builders alike try to create something requiring too much change or investments from the mothership to work.

Recognizing the contradiction in corporate innovation is nothing new, of course. Clayton Christensen's "The Innovator's Dilemma" described how large incumbent corporations could lose market share to unexpected, fast-rising rivals back in 1997.

Misha and Jeroen identified three areas that prevent corporate venture building from succeeding in its current state:

- As Christensen said, large companies fail ironically "because they have smart managers who do everything right." They look at new ideas as something to be managed efficiently at scale within their existing procedures and financial KPIs to

deliver short-term growth.

- In Geoffrey Moore's 'Crossing the Chasm' (2014), he explains that we can't confuse early adopter traction for mainstream adaptation.
- When discussing barriers to growth with executives, they hear a frequent lament that investors punish them for supporting projects with uncertain outcomes.

If these issues resonate, it's because the company has either not done a good job of communicating the value of its growth investments, or investors simply don't believe what they are being told.

Breaking Through, Not Breaking Away

The inability of corporations to successfully re-invent themselves is not for the want of trying. However, the dominant narrative most innovation agencies and corporate venture builders tell incumbents is that they should change a traditional company, like *Unilever*, into a digital native one like *Amazon*. This is unrealistic and lacks precision in its diagnosis. It would not be the first time that we have seen PowerPoint presentations in which an external company is focussing on a blueprint utopia of how to digitally transform a business, with major investments and acquisitions, lacking any empirical proof that the proposed way is right not understanding the complexity of implementation and integration.

Unfortunately, many ventures fall flat before taking off—even when outside support is sought. For example, *Unilever's* in-house incubator, The Uncovery, which was shut down in October 2023, is a case in point.

The closure of The Uncovery and many other innovation labs in the last few years, including

at *Migros*, one of the largest retailers in Europe, and *Haleon*, suggests many labs create output that is too small, requiring too much change for the mothership, or they are too niche to survive in a corporate environment. Instead, investments related to the core and competing for the same budget kill them off.

A common theme with internal innovations is that profit and sizing forecasting is unclear. Most innovation teams do not include investment managers, nor do they define the financial threshold for the business to invest further. Therefore, they cannot forecast their funding trajectory and make a hard claim if the data collected behind their value propositions is good, mediocre, or something to stop. So, corporations remain mired in the status quo.

If everybody is doing it, but nobody really succeeds, what's next? Corporate venture building is dead—Long live investment building!

Part Three: A Reset of Corporate Venture Building

When Misha and Jeroen started with corporate innovation and venture building in 2015, they worked on every type of project you can imagine for the largest companies in the world. Their learnings from these early stages of venture building were captured in the book "*The 10x Growth Machine*" (2020).

Nevertheless, learning never stops. While they used to frame corporate innovation purely as a methodology to break away from the corporate mold, they now have proof that corporate innovation also needs to be an operational instrument embedded within companies.

Introducing the 10x Operating System—Protect, Grow and Transform the Core

Misha and Jeroen found that corporate venture building and incubators focused on innovation that stretched beyond the core (while not leveraging core assets), partially because of what corporations (thought they) wanted or needed. With the 10x Growth OS, they present a battle-tested method which requires a reset in mindset, accountability, and execution:

	10x Growth OS	Traditional approach
Scope	Precision that combines building, open innovation, investments, and M&A	Focussed on internal development and large M&A deals
Focus	Investment building: Innovating the core business by leveraging company assets, speed, and scale and/or investing in the right mature assets outside of the company	Business model innovation. Speedboats and startups
Portfolio & funding	Developing a portfolio of a few Big Bets and a selection of smaller bets. These are based on long-term social trends and the growth gap. Using metered funding based on validated hypotheses	Many bets: an emphasis on volume instead of precision. Funding based on founder boldness or pitch deck aesthetics
Growth potential	Markets segmented based on consumer jobs and most profitable market segments. Extending brand portfolio penetration in new growth areas	Pie-in-the-sky projections based on assumptions
Program execution	Using business critical assumptions to prove hypotheses	A present-forward approach based on consumer centricity only
Organizational place	Within the core business, category, or business leader level	Excubation (outside the mothership)
Resource allocation	Resources and funding for longer-term projects managed centrally through growth board/steering committee-based	Resources deployed by senior management to ongoing projects or incremental innovation

The 10x Operating System is about adopting a holistic approach to growth, creating a tactical bridge between strategy and execution, and using four building blocks to create a flywheel for core growth innovation.

Step 1: FutureSight: Understand the Market and Your Own Business Performance

Due to macro trends like urbanization and climate change, consumer consumption habits will change. The difficulty lies in how fast and when the development and effects of these macro trends will impact actual consumer behavior. Knowing when consumer habits will happen and how fast, so-called inflection points, can create huge opportunities, or when ignoring or not seeing business disasters. With the FutureSight methods, one develops growth spaces that are translated into concepts and mapped into a roadmap for execution in the short, mid, and long term.

To develop an impactful growth portfolio to protect, grow, and transform the core, you must clearly understand your business “growth gap” (Anthony, 2020). The growth gap is the difference between what your core can deliver now versus the future. This will become your north star even as market conditions continuously evolve and help to prioritize and evaluate growth spaces.

Step 2: Growth Spaces: From Innovation Illusion to Investor Reality

The next step is focussing on defining the growth spaces. This involves identifying a combination of a significant unmet need or overserved consumer “job to be done,” a large enough market segment, and technology that can deliver a better or differentiated solution.

From there, one translates these growth spaces into a balanced portfolio of innovation initiatives to de-risk the uncertain outcome of innovation ROI. You need a large enough, suitably diverse portfolio to balance smaller bets on the longer horizon and big bets on the short-medium term. Sticking to

what you know will not deliver the revenue growth required.

Step 3: Asset Valuation

Manufacturing capabilities are one of the biggest blockers in the CPG industry to create scalable innovations. Therefore, it is crucial to fully understand all the product innovation options available within existing manufacturing lines, ranging from low-high complexity and small to big CAPEX/OPEX investments.

Next to manufacturing capabilities, we also map the company’s assets in terms of brands, IP, and distribution footprint. Misha and Jeroen call this “Asset-Out Innovation,” which breathes life into underused assets, using existing capacity better. It helps manufacturers map out what features their production assets can deliver now or new features they could deliver with minor investment. Translating such information into language the (often non-technical) innovation teams understand is the key to better-informed decisions on new products and future investments. If you can stretch existing assets into higher growth opportunities for the future, it will boost your “imagination premium.”

Step 4: Investment Building

The whole idea behind investing in innovation is to create growth for the business, its shareholders, and the wider society. Each innovation alone should be able to bridge (part of) the growth gap, which should shape your portfolio. Pursuing promising value proposition(s) requires incorporating a buy/build/hold decision in your innovation process.

Funding is also vital. Compared to traditional startup funding, investment building requires you to track the contribution of new initiatives

to growth over time within your growth gap analysis.

Investment Board: Resource Allocation Dilemmas

According to Clayton Christensen (2003), the resource allocation process must be actively managed because resources always follow the path of least resistance.

To rebalance your resource allocation, ensure senior management pushes innovators into the right growth areas, embracing candor, partnership, and “harmonious conflict,” not avoiding the real conversations with real tensions. Dedicate funding for innovations to ensure they aren’t seen as a “punishment” for the core. Furthermore, remember to add external perspectives—even from individuals outside the company.

Develop a 10X Growth DNA

At the heart of this approach lies a mindset focused on learning and growing, which

Misha calls the 10x Growth DNA. Innovation is a dynamic adventure requiring the proactive management of human factors. It is not about macho jargon like “breaking things” or “asking for forgiveness later.” Human emotion, positive or negative, can’t be managed through an investment deck or memo. Not knowing how to embrace these emotions will create irrationality within decision-making processes.

Therefore, it is necessary to spend time as a team on the following: What makes us uncertain? Where does uncertainty come from? What are our patterns within the organization for dealing with uncertainty? Which tensions are we avoiding in our conversations with senior management? And why?

This is the fuel that drives the success of the 10x Growth OS—an entrepreneurial mindset that puts investment building on the agenda. Starting on the inside will lead to winning on the outside.

▶ Driving De-Risked Growth through a Validated Process



June Barrage & Sarah Sunderji

Associate Partner at Disruptive Edge | Innovation Consultant at Disruptive Edge



Corporate innovation is often the first to face challenges during economic downturns. To ensure resilience and drive sustainable growth in today’s unstable economic climate, June Barrage and Saraj Sunderji from *Disruptive Edge* emphasize the importance of a structured and de-risked approach to innovation.

They share insights into navigating the complexities of innovation processes within large organizations, offering actionable frameworks for achieving sustainable growth.

Building an Innovation Factory

At *Disruptive Edge*, they liken the innovation process to a factory with a systematic,

repeatable, and scalable approach. There are three critical phases, typically constrained within a 24-week time box to maintain momentum and focus. However, flexibility is built into the process, allowing teams to revisit earlier phases for additional data or refinement when necessary. The three phases are outlined as follows:

1. **Identify and define:** This phase sets the foundation, focusing on uncovering opportunities and shaping clear problem statements through primary and secondary research. June notes, “This phase is where we define the domains for innovation and ensure alignment with organizational goals.”
2. **Test and validate:** Saraj explains the use of a DVFA framework (Desirability, Viability, Feasibility, and Adaptability) to evaluate concepts rigorously. “Testing isn’t just about desirability. We ask if the concept can adapt to market changes and whether it offers a differentiating factor against competitors.” June gives an example of a test during this phase that involves assessing customer willingness to pay. This can be tested through live simulations, such as users selecting prices in a prototype environment or even getting them to enter payment details. June notes, “If they’re willing to put their credit card down and pay for something, then you know you’re on to something.”
3. **Launch and iterate:** The final phase involves scaling concepts that have been validated, iterating based on real-world feedback, and ensuring robust risk management. “By the time we launch, every risk is identified and mitigated,” June asserts.

While these phases are crucial for building a solid innovation foundation, a key aspect of their success lies in the ability to fail fast and learn from each iteration. This is where the concept of a portfolio approach comes into play.

Failing Fast and the Portfolio Approach

A hallmark of this validated process is emphasizing failing fast and learning from it. Saraj explains, “We develop 40–50 concepts for a problem statement and test each at low fidelity. This helps us eliminate unviable ideas early while refining the most promising ones.” Using a portfolio approach helps teams explore a wide range of ideas simultaneously, focusing on those with the highest potential.

This systematic exploration reduces resource waste and accelerates the path to market-ready innovations. June notes, “The true measure of success is not avoiding failure but leveraging it to build stronger, validated solutions.”

Each failure contributes valuable insights about what does and doesn’t work. “We take pride in failed projects because they validate our learnings and help us build better solutions in the next iteration,” June notes. This mindset encourages teams to embrace experimentation and adaptability.

The portfolio approach ensures risk can be distributed across multiple concepts, allowing teams to pivot swiftly without derailing the entire process. It also facilitates the cross-pollination of ideas where learnings from one concept strengthens others, enabling more informed decisions as ideas progress through stage gates. However, failure and experimentation are not without their challenges, particularly “analysis paralysis.”

Overcoming Analysis Paralysis

While embracing failure accelerates innovation, it’s equally important to avoid common pitfalls such as analysis paralysis, one of the biggest hurdles organizations face with innovation. June explains, “Sometimes there’s a hesitancy to move forward without

the full picture, especially in new innovation functions. In reality, you need to make decisions with the evidence you have and move forward to gain new data.”

Adopting a stage-gated approach with clearly defined milestones helps teams to gather “just enough” evidence to confidently proceed to the next phase, avoiding the trap of exhaustive research that delays progress. It’s about understanding what’s good enough for the current stage and aligning goals and KPIs to reflect that. Communication and setting expectations are crucial. June also encourages comfort with ambiguity, recognizing that iterative testing will reveal more as concepts advance.

Addressing Talent Gaps

Once teams have the clarity and momentum to move forward, ensuring they have the right talent is key. Without the necessary skills, even the best innovation processes can struggle to execute effectively. June stresses the importance of evaluating existing team capabilities and addressing gaps early in the process. “Before launching something into the market, we always do our due diligence on the skills and capabilities within the organization.”

If gaps are identified, the team at *Disruptive Edge* works with organizations to fill them by creating job descriptions, hiring necessary talent, or upskilling existing employees. June adds, “Our ideal is that the organization can make the innovation survive on its own. That’s the true marker of success for us.”

In cases where permanent hires are not feasible, using subject matter experts (SMEs) on a short-term basis can provide the specialized knowledge needed to advance a project. Saraj shares, “SMEs are

invaluable for addressing specific challenges without requiring long-term commitments, making them a cost-effective solution for specialized projects.”

This proactive approach to talent ensures that organizations have the expertise to support innovation at every stage, from ideation to commercialization.

The Role of Generative AI in Modern Innovation

In addition to building the right teams, the need for faster insights grows. This is where generative AI (GenAI) tools are becoming essential, as they can dramatically enhance efficiency and enable deeper insights. June shares, “GenAI accelerates our work by 40%, particularly in the discovery phase. It helps generate personas, draft problem statements, and analyze vast amounts of data in real-time.” These advancements significantly reduce the time-to-value, allowing teams to focus on higher-level decision-making.

The impact of GenAI is most prominent in the early stages of the innovation cycle. In addition to expediting idea generation, it supports real-time analysis by processing large datasets, cross-checking documents, and extracting actionable insights.

GenAI can also play a key role in hypothesis generation and evaluation. By conducting scenario analyses and prioritizing concepts based on potential impact and feasibility, GenAI enables teams to make informed decisions more quickly. Saraj notes, “While GenAI supports ideation and validation, its role in commercialization is still evolving, and human oversight remains critical in these phases.” Despite its current limitations in execution and scaling, GenAI is recognized as a catalyst for growth, pushing the boundaries of traditional innovation processes.

▶ Hypothesis-Driven Corporate Innovation: The Search for People in Pain



Adam Berk & Mike Vladimer

Startup Adviser & Innovation Expert at Startup Program Design Book |
Founder at Nascent Startups



Corporate innovation often hinges on customer discovery, but experts Adam Berk and Mike Vladimer argue it's time to rethink its foundations. They advocate for a hypothesis-driven methodology that identifies “people in pain” rather than simply tallying interviews. This nuanced perspective reduces wasted time, energy, and resources, leading to more actionable insights and better innovation outcomes.

Why “Counting Interviews” Falls Short

Mike explains that customer discovery has shifted from the outdated mindset of “build it, and they will come” to emphasizing customer engagement. However, this shift has gone too far in the other direction, creating new challenges. “The count of interviews has become the target metric,” he says, pointing out the pitfalls of this approach. “Goodhart’s law applies here. When a measure becomes a target, it ceases to be a good measure.”

Focusing solely on quantity leads to flawed data and misguided decisions. Founders often struggle to interpret the data they gather, leading to errors in judgment. Misunderstandings frequently arise because the “number of interviews” metric doesn’t account for whether the right people were consulted or the right questions asked. Mike points out, “Founders are told to do 100 interviews, but what if those 100 interviews are with the wrong people? The metric loses its meaning.”

Adam notes that the absence of a structural hypothesis or clear focus makes the count

of interviews irrelevant and risks embedding biases into decision-making processes. These struggles highlight why counting alone is an inadequate proxy for innovation progress. “How many interviews are enough? It’s not about the number but quality of insights,” he emphasizes.

A Shift to Hypothesis-Driven Exploration

Instead of treating customer discovery as a numbers game, Adam and Mike suggest a framework that identifies and quantifies pain points. Innovation isn’t just about collecting data but interpreting it meaningfully. Searching for “people in pain” is about the process, not the number. Adam likens it to dating or fishing. “We call it ‘dating,’ not ‘spouse discovery,’ and we call it ‘fishing,’ not ‘catching’ for a reason. You go out in the water and hope to catch some fish, but you don’t know what you’ll find. You never do by definition,” he explains. By adopting hypothesis-driven methods instead, corporate innovators can focus their resources more effectively, uncover true needs, and accelerate their journey toward impactful solutions.

This method is mainly designed for startups in their nascent stage with no customers, product, or funding. As Mike emphasizes, “When you’re at this stage, you aren’t trying to convert customers because you don’t have any yet. The focus should be on finding and quantifying pain points to uncover opportunities worth pursuing.” Once startups have customers, they outgrow this approach as their needs and challenges shift.

Their tool, the *Quantified Pain Histogram*, maps similar people against measurable pain to determine actionable insights. Mike explains, “We’re not just asking how high to jump—we’re measuring how far we’ve traveled. This output-oriented metric highlights true progress.” The shift allows new venture teams to visualize insights, refine hypotheses, and decide whether to pivot or persevere.

The Five Steps of Hypothesis-Driven Customer Discovery

Mike and Adam describe the methodology as a five-step process. Here’s how it works:

1. **Generate transcripts:** Record and transcribe interviews to ensure every detail is captured. Accurate transcripts serve as the foundation for rigorous analysis.
2. **Identify quotes related to pain:** Comb through transcripts to highlight statements about pain, including explicit mentions (e.g., financial costs or lost time) and implicit emotional responses (e.g., stress or joy). Categorize all types of pain and convert them to a standardized metric of dollars. For example, emotional responses are mapped as follows: pain = \$1, no pain = \$0, joy or positivity = -\$1
3. **Identify quotes related to people:** Analyze who is speaking and their relevance to the problem. Distinguish between decision-makers (those with budget authority) and others who may

influence decisions but lack the power to act.

4. **Aggregate, analyze, and quantify:** Organize the data into themes by aggregating similar quotes under key topics. Assign dollar-based values to pain points, whether based on monetary impact, time (converted to dollars), or emotional responses (converted to dollars as described above), to give a measurable weight to each insight.
5. **Evaluate, split, and repeat:** Visualize pain levels on a quantified pain histogram to identify patterns and distinctions among participants. If meaningful differences emerge, split the data into sub-histograms to focus on smaller, more precise groups. Adam notes, “It’s hard enough to make good decisions with good data, but it’s nearly impossible with bad data. That’s why splitting your histogram to focus on meaningful differences is crucial. It helps you recover from errors and refine your approach.”

Following this iterative process, innovators can uncover real pain points and lay the groundwork for meaningful, impactful solutions. As Adam puts it, “We believe in small feedback loops that keep getting better and better. Each split zooms in, refines the focus, and helps you make smarter decisions.”

Outcomes of the Hypothesis-Driven Methodology

Adopting this methodology offers several critical advantages for innovators. First, it enables the ability to recover from errors. By refining the search for people in pain, teams can isolate mistakes and recalibrate their approach without derailing progress.

Additionally, confirmation bias can be overcome through traceability. Every insight is tied back to specific quotes and data from transcripts, reducing the risk of

decisions being influenced by subjective interpretations. Finally, this approach empowers innovators to be decisive. The quantified pain histogram provides a clear, visual representation of insights, making it easier to identify patterns and determine whether to move forward or stop. Together, these outcomes ensure more informed and effective decision-making.

Redefining Customer Discovery

Adam outlines a three-step process to reframe how innovators approach customer discovery:

1. **Develop a solid foundational hypothesis:** “Who are your people in pain, and what is the specific problem you aim to solve?” Adam advises narrowing the focus to one group and one pain point to avoid data overload.
2. **Find the right people:** Identifying the correct target audience requires creativity. “If you can’t find ten people in pain to talk to, how will you find 100 million customers?” Adam stresses. He emphasizes leveraging internal networks or boots-on-the-ground methods, such as school drop-offs or targeted outreach.
3. **Ask the right questions:** The art of questioning is critical. “Avoid leading questions,” Adam warns. Techniques like the Mom Test or consulting anthropologists can help ensure interviews uncover genuine pain points rather than confirming pre-existing biases.

Case Study: Carly’s Bundle Shop

Carly, a hypothetical founder, explored an app idea for moms to simplify shopping for bundles like school supplies or camp

gear. Following the hypothesis-driven methodology, she interviewed her target audience of moms at school drop-offs. However, most revealed no significant pain:

- “It was so easy,” one mom remarked, assigning a \$0 pain score
- Another noted she relied on hand-me-downs, even registering negative pain (joy) scoring -\$1

Yet one interviewee, Issa, expressed genuine distress. “I feel anxious about shopping for things I don’t understand.” Issa is an immigrant unfamiliar with some school necessities. This insight revealed a potential niche for immigrant moms facing unique challenges.

For Carly, this clarity saved significant time and resources. “Instead of spending six months and \$100,000, she decided within 10 days and \$0 to pause her idea,” Mike shares. The methodology minimized waste and also highlighted when to split and target subgroups, like immigrant moms.

Paving the Way for Customer Discovery 2.0

The hypothesis-driven methodology allows innovators to make faster, better-informed decisions by shifting their focus from input-based metrics to actionable output-driven insights for customer interviews.

As Mike terms it, this approach represents “Customer Discovery 2.0,” a more refined and practical evolution of traditional methods. By adopting these techniques, corporate innovators can allocate their resources more strategically, uncover genuine needs and pain, and accelerate their progress toward meaningful and impactful solutions.

▶ Looking Beyond the Consumer



Jon Corshen
Managing Partner & Co-Founder at Pilot44



Consumer insights are often seen as the cornerstone of product development and growth strategies, but an overreliance on consumer feedback can stifle true disruptive innovation.

Jon Corshen, a brand innovation leader and venture builder at *Pilot 44*, presents various strategies and methodologies to expand beyond consumer data and drive groundbreaking innovation.

Incremental vs. Disruptive Innovation

As Clayton Christensen highlights in his seminal work, *The Innovator's Dilemma*, disruptive innovation requires an entirely different approach to incremental innovation. "The processes and business models that make companies great at their existing businesses are often what makes them bad at disruptive innovation," Jon explains.

Incremental innovation enhances existing products based on consumer insights, but disruptive innovation demands entrepreneurial agility and foresight. It's about recognizing opportunities early and exploring adjacent or entirely new markets. To stay ahead, companies need a more holistic approach that leverages paradigm shifts, emerging technologies, and broader social trends.

Ivory Soap: A Serendipitous Success

Henry Ford is quoted as infamously saying, "If I had asked people what they wanted, they would have said a faster horse." Consumers often don't know what they want

next, especially regarding breakthrough innovations. Similarly, "If *Procter & Gamble* had relied solely on consumer insights, Ivory soap might never have been invented," Jon adds.

The famous floating soap wasn't the result of meticulous consumer research but rather a serendipitous accident in which a factory worker left a machine running overnight, introducing air into the soap mix. The company's ability to recognize the broader market potential of this unplanned outcome turned *Ivory* into a household name. This example underscores the need to look beyond direct consumer feedback and instead embrace unexpected opportunities.

Moving Beyond the Traditional Innovation Funnel

The linear innovation funnel, popularized by *The Lean Startup*, focuses heavily on incremental improvements and moving ideas down a sequential pipeline. However, Jon argues it is ill-suited for disruptive innovation, which requires non-linear thinking and consideration of broader market signals. He believes "this pipeline is wrong and has done quite a bit of damage because it really was designed initially to connect R&D with Marketing."

Disruptive innovation requires non-linear thinking and the ability to recognize broader

market signals. Jon advocates for integrating new methodologies into the innovation process to enable companies to adopt more forward-looking strategies.

A Holistic Methodology for Disruptive Innovation

To address the limitations of traditional approaches, Jon recommends an integrated framework combining Open Innovation, *STEEP Analysis*, and Scenario Planning. Together, these methodologies help companies anticipate disruption and act proactively.

1. Open Innovation

Open innovation shifts the focus from consumer feedback to gathering signals from startups and emerging technologies. “Startups are inventing tomorrow’s solutions today,” Jon explains. By partnering with them, companies can gain insights into the “art of the possible” and identify market shifts before they go mainstream. These partnerships are mutually beneficial as startups gain early customers and critical support to scale. Startups are often eager to collaborate with large companies, as early customer acquisition is critical for securing funding and scaling their solutions.

2. STEEP Analysis

Signals from open innovation are funneled into *STEEP*, where they are categorized into social, technological, economic, environmental, and political trends, helping companies identify where disruption is likely to emerge. This process helps organizations anticipate where disruption is likely to occur.

For example, rising consumer demand for authenticity, coupled with ad fraud and fake news, has given birth to the creator economy. Digital influencers like *Mr. Beast* and *Rihanna*

are launching their own brands, bypassing traditional advertising channels to build direct, mission-driven connections with their audiences. “This isn’t just about consumer insights but about understanding the larger forces at play and how they create new business opportunities,” Jon explains.

3. Scenario Planning

Scenario planning complements *STEEP* by mapping out certainties and uncertainties to develop flexible strategies for multiple plausible futures. Rather than trying to predict a single outcome, this approach allows companies to adapt to unexpected changes and capitalize on emerging opportunities.

For instance, brands can use scenario planning to explore how consumers might engage with them in five to ten years. By considering factors such as data privacy, AI-driven creative content, and community-based purchasing, companies can craft strategies that are robust across different futures.

By integrating these methodologies, organizations can move beyond incremental improvements and position themselves to lead in uncharted markets. “You can bolt all this together into a methodology, creating a multifaceted approach to gaining foresight that is far more complete than what most companies do today,” Jon says.

Practical Tips for Ideation

Once opportunity areas are identified, Jon offers practical tips to generate new value propositions:

- **Leverage generative AI (GenAI) for persona development:** Use AI to create detailed personas based on gathered signals, enhancing the depth of ideation sessions.

- **Conduct deep research:** Ensure ideation sessions are preceded by thorough research (e.g., *STEEP* and scenario planning) to align participants with the strategic context.
- **Immerse teams in insights:** Involve teams fully immersed in research findings for richer, more detailed ideation and reduced surface-level brainstorming.
- **Rethink traditional journey mapping:** Move beyond sticky notes and journey maps; instead, prioritize trend analysis and strategic foresight to uncover deeper insights.
- **Informed whiteboarding sessions:**

Equip participants with prior exposure to comprehensive research, enabling faster, more creative idea generation.

Jon encourages innovators to rethink their innovation processes to develop more forward-looking strategies. “Innovation isn’t just about asking your customers what they want today; it’s about understanding what they’ll need tomorrow,” he stresses. By looking beyond the consumer and embracing a more comprehensive approach to innovation, companies can position themselves to lead, rather than follow, in the next wave of market disruptions.

▶ AI Will Change How You Innovate—Here’s What You Need to Know



Tristan Kromer
Founder & CEO at Kromatic



We all know AI is here and it is reshaping the world in unpredictable ways. From fake movie trailers to AI-powered scammers, we are all being impacted by AI—just some faster than others. And we innovators are no exception. AI is eating our world as well, says Tristan Kromer, Founder and CEO at *Kromatic*.

AI is a double-edged sword. On one hand, teams can move faster, validate ideas with precision, and make data-driven decisions.

On the other hand, AI can reinforce biases and stifle creativity. For VPs of Innovation, the stakes are clear: adopt AI thoughtfully or risk mediocrity or even outright failure.

We can use AI to:

- Ideate
- Validate
- And Decide

Ideate

As the name suggests, *GenAI* is generative. It’s pretty good at coming up with ideas.

You can increase or decrease the amount of randomness to get more or less creative answers and ideas. You can get better ideas by bribing the AI (“I’ll give you \$100 for genius ideas.”) or threatening them (“Perform, or I’ll fire you.”)

There has been a consistent improvement in idea quality over time, and it will continue to improve— but right now, the output is still that of a hungover intern.

Why should we outsource creativity to an algorithm that, by design, gives us the average of what the internet thinks might be a good idea? That is mediocrity by design.

Tristan freely admits, he often uses *ChatGPT* to break the ice by suggesting a few ideas. It is a massive procrastination buster.

However, at least for his own use cases, he almost never uses any of the ideas outright. Most AI-generated ideas range from half-decent to mediocre to outright dull.

Of course, we should use *GenAI* for ideation. But not at the expense of human creativity.

Use AI in parallel with human creativity.

Break out a pack of sticky notes and actively generate ideas. Then, look at the AI output and take that as input for your next round of ideation.

A bad or mediocre idea can inspire a good one—so AI can be of great value during ideation. The more ideas, the better.

Validate

Validating an innovative concept requires getting around the Build-Measure-Learn loop as quickly as possible—and AI offers some powerful tools here:

Rapid Prototyping

For prototyping, AI is a potent accelerant. Copilots allow even a mediocre hacker to whip up a completed prototype within a few hours. AI represents a massive democratization of programming skills.

Test Design

AI shows some weaknesses in designing tests to validate a given concept.

Some custom models have been especially tweaked and given sufficient expert material to draw from (RAG—Retrieval Augmented Generation). However, most off-the-shelf AI models today still act like unmotivated students fresh from their MBA class—all theory, no common sense—and even less creativity.

They will often suggest surveys where customer interviews are more appropriate and draw conclusions with the unfounded certainty of an overpaid consultant.

Synthetic Personas

The most significant use of GenAI in validation has been creating synthetic personas—an AI that attempts to respond as your customer would. This approach is groundbreaking and gaining steam.

No more running out to interview users; just interview an AI!

Using AI to predict a customer segment's responses and behavior represents a profound disruption of the innovation process for better or worse because it's garbage in, garbage out.

If we create our synthetic personas with unvalidated assumptions—the synthetic interviews will output nothing more than unvalidated assumptions. This approach becomes the most efficient possible way of achieving confirmation bias.

You shouldn't trust an MBA grad doing customer interviews if they have zero field experience, even if they say they're from McKinsey. So don't trust an AI who will never, ever “get out of the building.”

Let AI be your co-pilot and help identify assumptions or risks. Let them suggest ideas for tests. And definitely let them help build your MVP.

But continue to keep well-trained and experienced humans in the loop and making the decisions. Do **not** let your team get lazy and just default to the AI suggestions.

A great innovator uses research to build up intuition. That intuition is what leads to breakthrough ideas that go beyond the “most likely” idea from AI.

Decide

As of this writing, the general-purpose AI models we’ve tested lack the ability to proactively evaluate risks, quantify uncertainty, and make effective decisions.

They will calculate the margin of error for A/B tests but will not suggest or be able to create impact models using probabilities.

They will make the “most likely” decisions—which are not the interesting, disruptive decisions like re-segmenting a market to focus on a small, growing niche.

However, this will change **very** quickly.

The underlying technology of generative AI uses vast training sets of data to construct a probabilistic model of what the possible responses to any given query are.

Training a model to accurately estimate the range of possible outcomes based on quantitative and qualitative data is only a matter of time, money, and data.

The Large Language Models are **not** well calibrated for this use case but will either get there soon or alternative models will be created with the same technology.

Once AI models take over as bookies for sports—you’ll know they can evaluate risks just as well, if not better, than a

human. Unfortunately, they may be trained on data and decisions made by a non-representative sample of biased humans so that these models may become just as biased as humans.

You should actively evaluate custom-built models for better decision-making on an ongoing basis.

In the meantime, you can outperform AI decision-making by using a diverse group of people in your decision-making bodies and specifying decision criteria before gathering data.

Conclusion

AI **can** improve ideation, validation, and support decision-making in the future. However, current implementations of AI within innovation teams can cause laziness and mediocrity.

We are at risk of outsourcing our key differentiators as humans: creativity and empathy.

If we let our mental muscles atrophy, our team and our AI models will overlook unconventional strategies that drive disruptive innovation. We will efficiently reinforce the status quo and stifle bold, forward-thinking decisions.

Innovators **should** look to the future and integrate AI into innovation processes as a partner, but not at the expense of building our own skills.

We should try out synthetic personas, but only in conjunction with our own validation interviews.

We must learn how to spot and compensate for AI biases just as we should our own.

We are spending billions of dollars to train the latest AI models. How much are you spending on training your team?

For now, innovators still have an edge— but only if they invest in themselves as equal partners.

▶ Why Now? How Good Timing Makes Great Products



Paul Orlando

Author, *Why Now: How Good Timing Makes Great Products*, and Incubator Director & Adjunct Professor at University of Southern California



Timing is everything. In innovation, that's not just a cliché—it's often the difference between failure and success.

Paul Orlando, a seasoned startup accelerator builder and innovation expert, illustrates how mastering timing can turn good ideas into groundbreaking products.

technology was there, but the timing drivers weren't," Paul notes. The infrastructure, consumer behaviors, and costs simply weren't ready to support the product.

The Power of Timing

"Why now?" is one of the most critical questions any innovation team or entrepreneur can ask. As Paul explains, timing isn't about luck but a strategic factor that can be analyzed and understood. "We're really saying maybe there aren't good and bad ideas as much as there are ideas that are appropriately timed or poorly timed," he said. The key, Paul emphasizes, is knowing how to assess whether the time is right for your product or idea.

Fast forward to today, and video calls are ubiquitous. What changed? According to Paul, we have to look at what he calls 'timing drivers'—the technological, social, and market shifts that enable products to succeed. Without those, even the best ideas won't work.

Timing Drivers and Market Window

Paul introduces the concept of "timing drivers," which are the critical factors determining whether an idea will succeed at a given time. There are twelve timing drivers:

Lessons from History

Paul believes we can learn a lot from past failures to understand the importance of timing. He presents the example of AT&T's "Picturephone," a video call device launched in 1970. Despite a massive technological leap, the product was a spectacular failure, costing AT&T \$4 billion (adjusted for inflation) and selling only around 100 units. "The

Primary Drivers:

1. **Technological:** New capabilities (may be predictable)
2. **Social/Behavioral:** Trends (may be predictable or sudden, often exist in niches)

3. **Regulatory/Legal:** Patents (predictable in expiry), laws (less predictable)
4. **Installed base:** Tipping point reached in users of supporting equipment
5. **Crisis:** Is a business positioned to benefit?

Secondary Drivers:

6. **Capital access:** What are the sources? What impact do they have?
7. **Economic:** Growth or decline (may be quick or slow)
8. **Networks:** Connections are the key
9. **Distribution:** Changes the ability to reach customers
10. **Organizational:** Impacts cost of production and risk
11. **Available talent:** Who can build what we need? How fast are they produced?
12. **Demographics:** Changing demand trends (often predictable)

Timing is also about knowing where your product falls within the “market window.” According to Paul, every innovation goes through three stages:

1. **Dangerously early:** Products launched during this phase typically fail because the timing drivers aren’t strong enough.
2. **The market window:** This is the sweet spot where all the conditions align, and the opportunity to succeed is ripe.
3. **Not too late:** Even if you miss the market window, it’s sometimes possible to enter later by targeting niche markets.

Mapping the Timing: The YouTube Case Study

To help innovation teams apply these concepts, Paul introduces the process of creating “timing maps.” With *YouTube* as a case study, he demonstrates how to assess timing drivers and understand when the market is ready for a product.

In 2005, broadband penetration reached about 50% in U.S. homes, and the cost of digital storage had dropped dramatically. Digital cameras were becoming common, making user-generated content more accessible. Social behaviors also shifted, making people more comfortable sharing personal content online. “All these timing drivers pointed to a moment when a video-sharing platform like *YouTube* could succeed,” Paul says.

By comparing *YouTube* to earlier failed competitors like *ShareYourWorld*, Paul explains how timing maps can help organizations avoid entering the market too early or too late. “I found interviews with the founder of *ShareYourWorld*, who reflects on being too early,” Paul says. It’s important to research previous failures to understand why they failed and what has changed since. “There were a number of other companies doing something like *YouTube* in 2005,” he notes, emphasizing that there are many factors that can lead to a company winning including how they execute and their capacity to raise money.

The Organizational Fit: Moving Fast or Learning Slowly?

Timing doesn’t just depend on external drivers but also your organization’s capabilities. “Is your organization one that can quickly move and take advantage of a short market window? Or are you better at learning from early entrants and perfecting your approach?” he asks.

For some organizations, being first to market is essential. However, for others, it may be more strategic to enter later and build on the mistakes of earlier entrants. The key is knowing which approach fits your organization’s strengths and capabilities.

The Role of Timing in Innovation Strategy

Paul suggests that innovation teams use timing analysis as a filter for evaluating projects in their pipelines. “If you have 50 potential projects, timing analysis can help you narrow it down to the top five with the best chance of success,” he shares.

Timing is often overlooked in the rush to innovate, but as Paul Orlando demonstrates,

it’s one of the most vital factors for success. By analyzing timing drivers, mapping market windows, and aligning organizational capabilities, innovation teams can increase their chances of launching products that thrive.

So, why now? According to Paul, it’s the right question to ask—one that can make all the difference between a good idea and a game-changing product.

▶ Proximity: The Future of Value Delivery



Robert C. Wolcott

Co-Founder & Chair at TWIN Global, Adjunct Professor of Innovation at Booth School of Business, University of Chicago & Kellogg School of Management, Northwestern University



Proximity is the key component of value delivery in a digital age, argues Robert Wolcott. The ability to bring products, services, and experiences closer and closer to the moment of demand is becoming the dominant force shaping the future of business.

Robert is a co-founder of *The World Innovation Network* and professor of innovation at the *University of Chicago* and *Northwestern University*. His book, *Proximity: Anything, Anywhere, Anytime*, outlines how this shift is redefining industries. This article explores the origins of this concept and how it promises to revolutionize how we create and deliver value.

idea is that value is produced and provided as close to the consumer as possible.

“Digital technologies push the production and provision of value ever closer to the moment of demand in time and space,” Robert explains. “We are moving into a world where production will happen in real-time, exactly when and where it’s needed.”

What Is Proximity?

Proximity refers to the trend of digital technologies enabling the compression of capabilities into smaller, more accessible packages that can be delivered at the precise moment of demand. Whether it’s a physical product, a service, or an experience, the core

This shift is already happening with digital products like streaming video, but Robert points out that physical goods and services will soon follow. Imagine a future where you can 3D print a custom product in your home, eliminating the need for mass production, warehouses, and extended supply chains.

From Concept to Reality

Robert first began thinking about proximity in 2014 while attending a tech conference. As he listened to speaker after speaker discuss the rapid rise of connected devices, he realized something more profound was happening. What if digital technologies weren't just about connectivity but about bringing value creation and delivery closer to the consumer?

This insight led him to explore how proximity would disrupt traditional industrial models. In a conversation with executives from a bond rating agency, Robert challenged them to consider what would happen if their offering, which proposed cutting delivery time from two months to two weeks, could be produced in two minutes. "You'll be wasting resources solving yesterday's problems," he warned. The executives recognized that digital transformation would eventually make two-minute delivery a reality. In response, they shifted their focus toward more forward-looking solutions.

Examples of Proximity in Action

One can find several real-world examples that illustrate the power of proximity, from vertical farming to pharmaceuticals to manufacturing:

- **Vertical farming:** At the world's largest vertical farm in Dubai, leafy greens are grown close to the airport and served to *Emirates* passengers just hours after being harvested. Although the cost of growing these vegetables is higher than traditional farming, the overall system economics—from reduced transportation costs to minimized waste—make it a compelling business model. "Proximity, done right, is a solution to sustainability and waste," Robert notes.
- **On-Demand pharmaceuticals:** Dr. Jeffrey Ling, a retired Army doctor, developed a

system that can produce drugs on-demand from basic raw materials. This technology is about the size of a refrigerator and allows healthcare providers to manufacture medicine on-site to order, reducing waste and eliminating the need for stockpiling. "The shelf life of carbon is forever," Robert explains, describing the key ingredient needed to manufacture the drugs. This approach brings economic and logistical advantages in stark contrast to the 3-year shelf life of stockpiled medications that governments currently have to throw away periodically when unused.

- **3D Printing in manufacturing:** *Ford Motor Company* already uses 3D printing to produce automotive parts on demand. In 2022, the company reported producing over 200,000 parts this way. This is just the beginning of a more significant shift toward distributed manufacturing, where products are made closer to their point of use, reducing lead times and supply chain vulnerabilities. "Imagine in 5 to 10 years from now, we'll have 3D printers at home. All you need to do is download a file and push a button. Not only do you get that metal fork you wanted, you get the exact metal fork and only one of them that you customized at the moment of demand," Robert says. "This is a completely different world."

The Broader Impact of Proximity

Proximity's influence extends beyond the physical world. In the digital realm, it's driving innovation in software development, content creation, and customer service.

Take *Unqork*, a leader in the no-code movement. This platform allows businesses to build enterprise-grade software without needing to write code, drastically reducing the time and cost of software development. "With platforms like *Unqork*, you can sit down

and design the software you want, and in a matter of weeks or even days, you've got software you can use to run your business," Robert says.

This principle is also applicable to digital healthcare tech. Proximity pushes healthcare from cure to prevention, as continuous health monitoring technologies allow early detection of diseases before they become life-threatening. "Imagine a decade from now, where health monitoring systems catch the earliest signals of a disease, allowing for immediate intervention," Robert suggests. This shift toward preventive care, driven by proximity, could dramatically reduce healthcare costs and drastically improve patient outcomes.

Breaking Trade-Offs Between Customization and Efficiency

One of the most exciting aspects of proximity is its ability to break long-standing trade-offs between customization and efficiency. In the past, businesses had to choose between mass production (efficient but impersonal) and customization (tailored but expensive). Proximity changes that equation.

"For the first time since the Industrial Revolution, proximity enables us to break that trade-off," Robert explains. "We can now offer customized products and services in real-time without sacrificing scale or cost-effectiveness."

This is already evident in industries like cosmetics, where companies like *L'Oréal* use proximity to grow custom ingredients in their facilities, eliminating supply chain disruptions and creating products tailored to preferences in real time.

L'Oréal's Plan From Outer Space

Robert shares an intriguing example of how foresight in one industry can unlock innovation in another. The concept for *L'Oréal's* custom-grown ingredients pods originated with *Interstellar Lab*, a Paris-based venture that initially focused on creating closed-loop ecosystems to grow food on Mars. Founder Barbara Belvisi developed technology to optimize growth conditions for high-value, low-volume plant-based ingredients. Recognizing the commercial potential on Earth, the company partnered with industries requiring such ingredients, particularly cosmetics. *L'Oréal* adapted these pods for use in their production facilities, enabling the company to grow critical ingredients on-site. This approach conveniently eliminates supply chain risks and also achieves significant efficiency and sustainability gains.

The Future of Proximity

Looking ahead, Robert envisions a world where proximity becomes the standard across industries, with transformative impacts even in areas as vast as space exploration and virtual reality (VR). These domains exemplify 100% proximity: every resource needed must be produced on-site in space, as there's no way to rely on external supply chains. Similarly, VR eliminates physical distance entirely, allowing people to engage in immersive, real-time experiences regardless of location. These advancements set the stage for broader shifts, enabling personalized products produced at home, real-time software development, and the compression of value creation into the moment of demand.

“Proximity is coming, and it’s going to change everything,” Robert predicts. “The opportunity is not just to improve what we’re doing but to fundamentally transform it.”

As businesses navigate this shift, the key will be understanding where proximity can

create the most value and leveraging these new technologies to stay ahead. For those who embrace proximity, the future promises greater customization, reduced waste, and a competitive edge in a rapidly changing digital-first world.

▶ Creator-Led Brands: The New Frontier for Corporate Growth



Mary Lague
Partner, Innovation Insights at Pilot44



The rules of brand building are being rewritten, not in corporate boardrooms, but in the studios of creators. These digital-native entrepreneurs are no longer just influencers and celebrities; they are media and marketing juggernauts transforming how brands are built and scaled with unprecedented speed and efficiency, suggests Mary Lague from *Pilot44*.

Consider this: Logan Paul and KSI’s beverage brand *Prime* generated \$250 million in first-year sales—a milestone that took established competitor *Celsius* eight years to achieve—and *MrBeast* launched *Feastables* with virtually no traditional advertising spend. Selena Gomez’s *Rare Beauty* reached a \$2 billion valuation in just three years, setting up what could be the fastest path from launch to multibillion-dollar exit ever seen in the beauty industry.

The *Creator Economy* represents one of the most significant paradigm shifts in consumer brand-building since the inception of the internet. Never in history have the “celebrities” that created the culture also controlled the content and access to the end consumer, and with it presents new risks and opportunities that legacy brands cannot afford to ignore.

The Rise of Creator-Led Brands

Creator-led brands are demonstrating that deep audience engagement can translate into explosive market performance. For corporate innovation teams, these brands offer valuable insights into accelerated product development and market penetration strategies.

The numbers tell a compelling story. Recent studies from *Nielsen IQ* and *Dash Hudson* found creator beauty brands grow 5.2 times faster than the industry average. Their content drives 12 times higher engagement than traditional brand marketing. While the total beauty category grows at 11.1%, creator-led beauty brands are surging ahead at 57.8%.

But perhaps most striking is the efficiency: these brands are achieving extraordinary

growth with minimal traditional marketing spend. They're not buying audiences—they're activating communities that already exist. Nearly half of all consumers make purchases based on creator recommendations, while an overwhelming 87% of Gen Z shows increased purchase intent for brands with creator partnerships. This isn't just influence; it's a new form of market power.

Success in this new landscape isn't solely about massive follower counts. Take *Summer Fridays*, a skincare brand launched by influencers Marianna Hewitt and Lauren Gores. With a combined following of just 1.5 million—modest by today's standards—they generated \$1 million in their first month and scaled to \$100 million in four years.

Beyond Follower Counts: The Power of Micro-Communities

While audience size certainly helps, there are examples of creators with smaller but highly engaged communities, such as *Alani Nutrition*, founded by fitness influencer Katy Hearn. With 1.8 million followers, she built a \$100 million revenue business in three years, achieving a \$3 billion valuation. These successes demonstrate that deep engagement with specific communities can be more valuable than broad but shallow reach.

Not every creator-led brand is destined for massive success; the industry has certainly seen its share of failures. These often stem from a disconnect between the creator and the product or inadequate financial, business, and operations planning. However, when a brand gets these fundamentals right, the potential for success is truly remarkable.

More Creator Brands are on the Way

Although still in the early days, more creator-led brands are certainly on the horizon. Nearly 50% of Gen Z and Millennial creators aspire to business ownership, suggesting a wave of new creator-led brands on the horizon. While beauty and fashion currently dominate—accounting for 79% of creator brands—other categories are ripe for disruption.

For corporate innovation leaders, the implications are clear. The *Creator Economy* represents a significant paradigm shift in consumer engagement, fundamentally changing how individuals interact with brands and media, moving away from traditional advertising models. Like radio, television, and social media before it, this new economy is forcing large brands to rethink their marketing strategies, build new internal capabilities, adopt new AI technologies, and, most consequentially, re-examine how they bring more authentic brands to market.

The Innovation Imperative: Why Legacy Brands Should Care

Creator brands excel because they collapse the distance between product development and consumer feedback. They don't need focus groups; they have millions of engaged followers providing real-time input. They don't need market research to predict trends; they're actively shaping them.

For corporate innovation leaders, this shift demands a fundamental rethinking of brand-building and product development strategies. The traditional approach—years of R&D, focus groups, and carefully orchestrated launches—is being challenged by a model that moves at the speed of digital culture.

Further, those still outsourcing their creator strategies to agencies and keeping creators at arm's length are missing a crucial opportunity. Now is the time for brands to take a closer look at this once-in-a-generation opportunity (or perhaps existential threat) that will fundamentally change how new brands are created, incubated, and grown.

- **Innovation paralysis:** Big CPG brands have long struggled to foster new growth internally, often opting to acquire emerging brands at inflated prices. Creators, on the other hand, excel at spotting big market opportunities and translating them into successful brands quickly. By bringing creators into the innovation process, CPG companies can inject fresh energy into their portfolios and use creators as catalysts for innovation and growth, tapping into new markets and consumer segments that they might otherwise overlook.
- **Keeping up with the speed of culture:** Getting in touch with culture is hard. Creating culture is even harder. Creators are driving the cultural conversation and offer a direct pathway to understanding what moves our society forward. What creators say, feel, and do has a direct impact on what people are talking about, doing, and buying.
- **Direct access to highly engaged audiences:** Creators offer direct access to highly engaged, often younger, hard-to-reach audiences. These audiences are not just passive consumers; they are active participants in the brand narrative, contributing to its growth through word-of-mouth, social sharing, and even product feedback. For legacy brands, partnering with creators means tapping into this

vibrant community and leveraging its potential for growth.

- **Authenticity:** In an era where consumers are increasingly skeptical of traditional advertising, the authenticity and trust that creators command are invaluable. A study by Edelman found that 63% of consumers trust influencers' opinions of products more than traditional advertisements. This trust translates into higher conversion rates and stronger brand loyalty.
- **Community building:** Creators excel at community building, an area where many traditional brands struggle. By fostering a sense of belonging and community around their brands, creators drive deeper engagement and loyalty. Legacy brands that collaborate with creators can benefit from this expertise, creating more meaningful connections with their consumers.

The Path Forward

The creator brand phenomenon represents a fundamental shift in consumer goods innovation and growth strategies. Success in this new landscape requires a balanced approach that combines traditional corporate strengths with creator-driven innovation models.

The winners will be those who can effectively bridge two worlds: maintaining the quality, scale, and operational excellence of traditional corporate brands while embracing the speed, authenticity, and community-driven approach of creator brands. The question for corporate innovation leaders isn't whether to adapt but how quickly they can activate in the creator economy and transform their organizations to thrive in this new reality.

▶ How to Innovate Through Scarcity: Unleashing Growth in Turbulent Times



Alan Cucknell

Director of Strategic Innovation at Ignite Exponential



Marketing and R&D teams are used to operating with an abundance mindset, especially in large corporations. Processes are designed to uncover customer desires, add new features and benefits, and create superior offerings by delivering yet more value. This approach serves us well in buoyant markets when better performance can demand ever-increasing premiums. But what happens when we shift from a world of plenty to one of scarcity, i.e., a market with dramatically shrinking budgets and resources?

A conventional response is to cut costs or even compromise your usual standards, believing that lower costs should mean “less good.” Given how optimized existing solutions are, cost reduction can only go so far. And while competitors do the same in a shrinking market, as your margins plummet, it’s a race to the bottom.

However, customers in a downturn don’t necessarily want something less good. They just have less money, and their priorities have changed. Fortunately, there is another way—the mindset of “innovation in scarcity.”

Alan Cucknell, Director of Strategic Innovation at *Ignite Exponential*, introduces the mindset and framework for innovation in scarcity, and how you can apply it at your company.

In some form, scarcity exists in all industries and markets, and it certainly becomes more visible and more important during economic downturns! But it’s wrong to think that scarcity is only about money. For example, it might be about the restriction of time,

materials, capability, or access. When a resource becomes more scarce, it changes consumers’ needs and how they spend their limited time, attention, or money.

In fact, this mindset of scarcity has often enabled the creation of new disruptive innovation solutions (based on the ideas of Clayton Christensen). Therefore, whether you’re looking to disrupt a category, or you’re an incumbent looking to survive a downturn, Alan suggests you first understand how to innovate in scarcity.

The Four A’s Model: A New Lens for Innovation

Originally developed by Jagdish N. Sheth and Shah in 2003 as an alternative to the traditional *Four P’s* marketing mix, this model was popularised by C.K. Prahalad in his groundbreaking book “The Fortune at the Bottom of the Pyramid.” The *Four A’s* model provides a powerful framework that has proven effective in enabling innovation breakthroughs in a wide range of resource-constrained environments.

Instead of focusing on the levers available to marketers, it considers the barriers to use from the customer's own perspective: Is the customer aware of an offering? Is it accessible to them? And, in their eyes, is it affordable and acceptable? This simple shift in viewpoint is crucial where conventional assumptions (i.e., market orthodoxies) may no longer be true.

Although simple, Alan finds this model to be incredibly helpful when innovating in low-income markets and dramatically reducing lifetime costs in developed markets, but also for challenges as diverse as:

- driving adoption of digital tools with skeptical UK farmers (i.e., overcoming the lack of awareness and acceptance about the product's benefits)
- broadening penetration of consumer healthcare products in the USA (i.e., overcoming the barrier of taboo in the category and acceptance of the product experience)
- creating sustainability solutions that actually change behavior (i.e., overcoming limited infrastructure and "scarcity" of consumer desired effort and involvement)

Alan views the *Four A's* as hurdles that potential customers must overcome to consider your product or service. Because of these barriers, they choose a competitor's solution, opt for substitutes, or don't buy in the category at all. The *Four A's* offer a mindset and framework to identify these barriers, understand them, and develop solutions that meet their actual needs.

The critical barriers vary for different categories and challenges. The important thing is to start by understanding the customer's barriers and mapping these to the framework in turn. You can use existing data, or even better, primary qualitative research to help you take a fresh perspective

on their needs today. After understanding their context and journey, you can start to look for solutions systematically. Unlike an abundance mindset, instead of starting with a product, focus on building understanding step by step, with Acceptability being the final consideration.

The *Four A's* framework is an evidence-based foundation from which other innovation approaches, such as frugal innovation or design thinking, can be better focussed. When you create new product and service solutions, you do so with empathy and with full knowledge of the real context and needs of the customer.

Let's examine these barriers in detail to guide your innovation efforts in times of scarcity. In the notes below, "understanding" considerations with "ideating" opportunities are mixed. When using the framework, you'll want to take each in turn. And, of course, which examples are relevant will depend on your specific situation.

#1. Awareness

If a customer doesn't know your solution exists, they can't buy it. Yet, in a world of information overload and limited attention spans, creating Awareness that your solution even exists becomes a critical challenge. And unless your customers are actively engaged online and looking for solutions to this problem, your marketing efforts are just noise! But this isn't just a marketing topic—understanding how customers will become aware of your product (and why they aren't today) might lead to a different specification for your product itself.

So, if Awareness is your key customer barrier, you need to understand how you connect with them where they are, both physically and mentally. You might consider:

- Do they recognize this as a problem at all? What would make them aware of it?
- Are they aware that solutions to this problem exist?
- Where are they (physically or digitally) when this problem is most acute?
- Where do they go for advice on this topic? Who do they trust?

Marketing can offer solutions to many of these, but for consumers who have disengaged with a category, you often need to reach them in different ways.

- What other complementary categories does the customer engage with? These might be a space for you to “meet” the customer as well.
- How does the customer find out about or use substitutes? Especially if these are not in your “category,” these might be critical channels for the customer.
- Which people or organizations might you partner with to drive Awareness? Those sharing a common purpose will be most relevant and authentic to your customers.
- How might your product, and the customers who use them already drive greater awareness?

#2. Accessibility

Although next-day delivery and online Accessibility make it seem like your products are always within reach, customers often encounter barriers that prevent them from accessing our otherwise compelling offerings. As well as limitations of time, space, travel, and access, Accessibility barriers might include a lack of infrastructure (e.g., for delivery or recycling), limited stock (e.g., small shops vs large), or incompatible hardware (e.g., restrictions of bandwidth or platform OS).

So once you’ve understood if and how Accessibility is a barrier for your customers,

you can consider novel approaches to provide a solution that is available and accessible when and where they are. For example, you might consider:

- changing your product or service so you can offer it through new channels without these restrictions
- direct-to-customer or direct-to-partner models that bypass traditional channels
- digital platforms that enable remote access to products or services, or that allow customers to access your products in new, more convenient ways
- decentralized distribution networks that leverage local communities or peer-to-peer networks
- shared economy models to maximize utilization of existing resources (e.g., *Airbnb*, *Uber*)

#3. Affordability

In times of economic downturn, prices naturally come under pressure, and reducing costs can help. One of the most beneficial parts of the *Four A’s* framework is driving teams to work backward from what customers can really afford to develop novel solutions. It often means reimagining how you deliver your product because simply reducing quality or removing features won’t cut it.

However, to most effectively remove the Affordability barrier, you need to understand the impact of your offering on a customer’s broader financial decisions, not just the ticket price. When Affordability is a critical barrier depending on the nature of the customer’s challenge, you might explore the following:

- How do the customer’s other costs impact your offering? For example, the costs of energy, water, components, and consumables. Perhaps our solution can provide a lower lifetime cost, making the solution more affordable.

- When is it paid for? Can the cost be spread out (and perhaps the product itself) with smaller offerings, modularising features, providing payment plans, or offering subscriptions? All of these things help the customer spread their costs over time to make it more affordable. In some cases, even if the annual costs are greater, this might make it more affordable for customers.
- On what basis is payment made? Can fixed costs become variable costs (i.e., pay-as-you-go, rental)? Would it help to offer a guarantee or payment based on the outcome? By giving customers confidence in the outcome, and putting them in control of their spending, it can help to overcome purchasing concerns or risks.
- Can customers share? Shared ownership or leasing models can reduce individual costs as well as provide additional social and experiential benefits.

#4. Acceptability

Finally, you must ensure your offering is acceptable to customers given the Awareness, Accessibility, and Affordability constraints. Here, it is especially important to challenge your understanding of the job to be done and the standards of success. When you understand what's acceptable in solution-agnostic terms, you can better understand the infrastructural, technical, cultural, and environmental considerations that might be barriers to your current solutions.

This mindset and insight will allow you to, for example:

- redesign products to work with very limited budgets, infrastructure, or resources
- develop solutions that are much easier to use or maintain
- create modular offerings that allow customers to customize solutions for their needs
- provide support to build customer capability and confidence in the solutions already available

Growing Businesses Through Scarcity

As Esther Boserup said, "Necessity is the mother of invention." A scarcity mindset can force us to challenge assumptions, think more creatively, and find novel solutions to these problems. Innovation shouldn't be coincidental, and the *Four A's* model provides a simple framework to understand those constraints and most systematically and effectively find solutions that will make a difference.

By adopting a scarcity mindset and innovating around Awareness, Accessibility, Affordability, and Acceptability, we can all create solutions to thrive in challenging times. Moreover, the insights and innovations from this approach are valuable even as abundance returns, creating resilient and adaptable businesses for the long term.

▶ Key Takeaways From the 2024 Intrapreneurship Barometer



Céline Degreef
Co-founder & CEO at Yumana



When *Yumana* launched the first *Intrapreneurship Barometer* in 2021, many programs focused on developing an entrepreneurial mindset and new ways of working rather than driving direct business value. Fast forward to 2024 and the second edition of their European study, the landscape has radically changed. From the strategic shift towards ROI-focused initiatives to the rising influence of generative AI (GenAI) and sustainability, the report paints a clear picture of what's driving successful intrapreneurship today and why it matters more than ever.

The ROI Awakening of Intrapreneurship

What stands out in this report is that intrapreneurship is now positioned as a core driver of growth, with 89% of surveyed programs focused squarely on generating business impact. Companies today see intrapreneurship as one of the tools for creating value, fostering resilience, sparking innovation, and staying competitive in an ever-evolving market.

Three strategic priorities now dominate these initiatives:

1. **Business value creation:** 89% of programs aim to deliver concrete business impact, setting clear financial and performance goals
2. **Transformation:** 61% focus on transformation, helping organizations adapt to market shifts
3. **Performance:** 52% view intrapreneurship as a way to boost productivity and operational efficiency

This data points to the fundamental shift of intrapreneurship moving from being “nice

to have” to “must have,” as it empowers companies to generate new revenue streams and navigate change.

Innovation Powered by Purpose: A Focus on CSR and AI

Intrapreneurship programs increasingly tackle Corporate Social Responsibility (CSR), which is driven by employee demand and industry trends. Nearly half (47%) of the companies surveyed report a surge in CSR-driven intrapreneurial projects over the last three years. Environmental and social concerns are now frequently woven into innovation goals, with many programs designed to minimize environmental footprints, promote social good, and meet stringent sustainability targets.

Meanwhile, GenAI has emerged as a transformative tool, with one-third of programs using it to streamline processes, refine ideas, or speed up prototyping. Companies that leverage GenAI report higher perceived program value (7.4/10 versus the general 6.6/10). Whether helping teams validate business concepts or refine

product development, GenAI is proving indispensable in driving intrapreneurial success, enhancing creativity, and maximizing return on investment.

Matching Talent With Ideas: The Secret Ingredient to Intrapreneurial Success

Intrapreneurial success hinges on the right blend of talent and ideas. Rather than prioritizing one over the other, companies are increasingly focused on creating “perfect matches” between innovative ideas and employees who can bring them to life. The report reveals that 56% of companies emphasize this alignment, seeing the match as critical to delivering meaningful results.

For companies with mature programs, employee involvement is particularly vital: 61% of organizations with intrapreneurial initiatives over five years view talent as the key to success. Some even go so far as to hold internal calls for applications, encouraging employees to “apply” to lead or participate in new ventures. This approach promotes a dynamic culture of collaboration and enables companies to tap into a diverse pool of skills and perspectives.

Overcoming Challenges: Bridging the Gap Between Ambition and Resources

Despite their growing strategic importance, intrapreneurship programs face significant hurdles. Many companies report a gap between their ambitions and available resources, with only 39% setting clear, numerical goals for their intrapreneurial initiatives. This lack of concrete targets makes it challenging to gauge success and secure sufficient resources, leading to potential underfunding.

The report highlights the importance of consistent investment and clear resource allocation to sustain and grow intrapreneurship efforts. Programs that have been in place for more than five years consistently report better returns (7.3/10 compared to an average of 6.8/10), underscoring the impact of long-term commitment and the value of experience in optimizing outcomes.

Support, Incentives, and Recognition: Making Intrapreneurship Rewarding

Recognition and support are vital to keeping intrapreneurs motivated and engaged. However, companies vary widely in their approach to incentives. Only 31% of intrapreneurs receive financial rewards for their efforts, and only 4% of companies offer certifications or formal recognition upon completing projects. This data points to a significant opportunity for companies to boost engagement and loyalty by creating more robust reward systems.

Nevertheless, other forms of support are on the rise: 50% of companies facilitate career development for intrapreneurs, helping them translate their experience into new roles or skills. Additionally, intrapreneurs are increasingly encouraged to spend a significant portion of their time on projects, with programs that have been in place for more than five years allowing for up to 56% of work hours to be devoted to intrapreneurial activities.

Learning From Setbacks: When Intrapreneurship Programs Fall Short

Not every intrapreneurial venture succeeds, and some programs have to

be discontinued. The report highlights that for 45% of companies, organizational restructuring was the main reason for halting intrapreneurial programs, while 28% cited insufficient funding.

Interestingly, only 9% of companies cited failure to achieve objectives as the primary reason for ending a program. This finding suggests that many programs lack clear initial success criteria or have difficulty securing leadership support. Indeed, a new management team is more likely to question the choices made by their predecessors or even put an end to projects or programs that fail to generate concrete results for the company.

For companies committed to intrapreneurship, the data is a reminder that sustainability requires alignment with business goals, dedicated funding, and a culture that values innovation as a long-term investment.

The Path Forward: Best Practices for Intrapreneurial Success

Yumana's findings underscore a set of best practices that companies can adopt to enhance the impact of their intrapreneurship programs:

- 1. Set clear objectives and metrics:** Companies that define specific, measurable goals are better equipped to demonstrate value and secure resources. Programs that set ROI targets or numerical milestones report higher levels of satisfaction and impact.
- 2. Prioritize the talent-idea match:** Finding the right people to drive ideas forward is essential. Companies should consider calls for applications to tap into internal talent and create dynamic, cross-functional teams.
- 3. Invest in long-term programs:** Long-standing programs tend to yield better outcomes. A sustained approach, coupled with dedicated resources and funding, enables companies to develop robust governance structures and learn from iterative improvements.
- 4. Recognize and reward intrapreneurs:** To keep intrapreneurs engaged, companies should consider offering financial incentives, career support, and formal recognition. Creating a supportive environment that values their contributions can help retain talent and foster innovation.
- 5. Leverage AI and CSR:** Integrating GenAI tools for prototyping, refining ideas, and incorporating CSR into program goals can amplify innovation and align projects with broader company values.
- 6. Embrace flexibility and learn from failure:** Not every project will succeed, but each offers valuable insights. Companies open to adapting based on intrapreneurs' feedback and program performance are more likely to evolve and thrive.

Intrapreneurship: Ushering in the Age of Reason

The *Yumana Intrapreneurship Barometer 2024* reveals that intrapreneurship has reached a stage of maturity. With experience, companies have acquired real expertise in this field. In the space of three years, the maturation of the programs is palpable. Companies better understand the underlying internal mechanisms, the key success factors, and the real impact of these initiatives. Intrapreneurship is now repositioned in its rightful place: a real driver of value creation aligned with business objectives.

However, there are many paths to excellence. Numerous companies that have embarked on this journey still have a long way to go

before revealing their full potential. For those who have had a program in place for three years or more, the progress is tangible, particularly in considering ROI-led business objectives and the desire to serve strategic ambitions at an operational level. For those who have started on this journey more recently, there are still some key stages to go through, marked by progress that may be tentative, with resources that are often limited, but where perseverance and continuous adaptation will ultimately lead to sustainable performance.

Employee commitment remains central to this dynamic. Companies seem to have understood this, as evidenced by the fact that 96% of them now offer their employees the opportunity to participate in the innovation process actively.

In 2024 and beyond, intrapreneurship is more than a means of generating new ideas; it's a blueprint for resilience, adaptability, and growth. Companies ready to harness this potential will stand out in an increasingly complex, competitive landscape—creating value, cultivating innovation, and building a brighter future from within.

▶ Driving Innovation at Speed: How Škoda Navigates the Future of Automotive Design



Roman Šiser & Dr. Fabian Reck

Innovation Manager at Škoda | Lead Innovation Consultant at ITONICS



In today's automotive industry, speed and agility in innovation have become indispensable. Škoda, renowned for its "Simply Clever" approach, now faces mounting pressure to bring fresh, user-centered ideas to market faster than ever. In an insightful conversation, Roman Šiser, Škoda's Innovation Manager, joins Fabian Reck from ITONICS to pull back the curtain on how they are accelerating innovation timelines while embracing strategic foresight and emerging technologies.

The Innovation Framework at Škoda

Škoda's innovation process is anchored on four foundational pillars:

1. **Innovation strategy:** Identifying areas of opportunity and scouting new trends and technologies. Škoda identifies opportunity fields through constant market scanning and trend analysis. This proactive approach allows the company to anticipate customer needs and technological advancements well before project inception.
2. **Portfolio management:** Securing funding, directing ideas into projects, and evaluating and governing the selection process. Their innovation management system ensures rigorous evaluation and governance. Decision-making on which ideas to advance is strategically

structured, enabling prioritization of high-impact innovations.

3. **Innovation process:** Mapping out the process, identifying key stakeholders, and utilizing appropriate tools for each stage (e.g., *ITONICS* toolbox, design thinking, and their platform, 'idea space') helps Škoda's cross-functional teams collaborate in developing, testing, and refining concepts quickly.
4. **Innovation culture:** Cultivating leadership, fostering a positive mindset, implementing measurement systems, offering incentives, providing training, and facilitating networking. Through initiatives like the annual Innovation Mindset Index, Škoda tracks and nurtures a culture that encourages creativity, risk-taking, and knowledge-sharing across departments.

"The automotive industry's long product cycles pose unique challenges," says Roman. "But by embedding innovation into our culture and utilizing digital tools, we're finding ways to streamline processes and inspire a mindset that embraces rapid change."

Speeding Up the Four-Year Cycle

One of Škoda's key challenges is the industry-standard four-year cycle for new product development. Accelerating this process requires bringing ideas to the table at much earlier stages, shifting from reactive to proactive innovation. Their solution is to screen, evaluate, and mature concepts well before a project begins.

"We used to introduce concepts at the Project Mission milestone with only a basic framework for validation. We now present well-researched ideas at the Project Start phase, including business potential and technical feasibility. This approach has reduced time-to-market significantly," Roman notes.

Adding to the efficiency, they introduced continuous, iterative ideation. By fostering alignment across departments and encouraging regular submissions, Škoda ensures its Idea Space is brimming with concepts vetted for technical and market viability, which can be deployed swiftly into relevant projects.

They implement a variety of strategies to accelerate the innovation process including:

- **Continuous ideation on defined opportunity fields:** Škoda continuously generates and evaluates ideas within predefined opportunity fields to stay ahead.
- **Early stakeholder involvement and prioritization:** An Innovation Council prioritizes ideas based on customer and business value, ensuring early stakeholder alignment.
- **Quick evaluation and proof of concept development:** Škoda rapidly evaluates and develops proof of concepts to test feasibility and focus innovation efforts.
- **Fostering a "can-do" attitude:** A positive mindset is encouraged, promoting problem-solving and celebrating innovation within the organization.
- **Leveraging technology and AI:** Škoda leverages generative AI (GenAI) and digital platforms to accelerate idea generation and gather more reliable insights.

Fostering a Culture of Innovation

One of the challenges faced by large corporations like Škoda is building a culture where innovation is everyone's responsibility. Roman emphasizes that innovation management is about supporting and facilitating the work of innovators rather than being the sole creator of ideas.

The annual Innovation Day and the Innovation Council at Škoda provide employees with opportunities to pitch ideas and gain visibility for their innovations. Recognizing the value of frontline insights, Škoda recently opened the Idea Space platform to allow production employees to contribute using their personal emails.

“We’re lucky that innovation is part of our DNA. Still, providing structured support and recognition through events and programs empowers employees to actively contribute to the innovation journey,” Roman shares.

The Role of Customers and Suppliers in the Innovation Process

Customers are actively involved in the ideation process. They continuously gather feedback and insights from design-thinking workshops, UX clinics, and social media communities to ensure that innovation strategy aligns with real-world customer needs and preferences.

Suppliers, too, are vital collaborators. Škoda organizes Supplier Days focused on thematic areas, such as sustainable materials or tech advancements, where key suppliers showcase

their latest innovations. “The dream is to open Idea Space to our suppliers, allowing them to contribute directly. Although this remains a goal, we maintain close ties through regular tech days and collaborative PoCs,” notes Roman.

GenAI and Beyond

The next horizon includes leveraging GenAI for customer interviews, anticipating that artificial intelligence can provide unbiased responses and potentially unveil customer needs more accurately than traditional methods. Roman explains, “We’re experimenting with using GenAI to simulate customer interviews, which may provide insights customers might otherwise feel uncomfortable sharing. It’s an exciting development, and we look forward to comparing these AI-driven insights with traditional responses.”

Škoda is setting an example by harnessing the power of technology, strategic foresight, and cultural commitment to push the boundaries of what’s possible. By building a robust system that merges the best of human creativity and AI-driven efficiency, Škoda is well-poised to lead the way forward in automotive innovation.

▶ How to Generate New Revenue Streams with Corporate Venture Building



Stefan Peintner & Karyna Hornostai

CEO & Managing Partner at WhatAVenture | Manager & Lead Venture Architect at WhatAVenture



Corporate venture building (CVB) is poised to drive growth and innovation in 2025 and beyond. Companies are increasingly turning to CVB as a way to unlock new revenue streams and stay ahead of disruption. Stefan Peintner and Karyna Hornostai from *WhatAVenture* share insights from their study on the state of corporate venture building.

The “What makes corporate ventures successful” study examines the factors contributing to the success of corporate ventures within the DACH region (Germany, Austria, Switzerland, and South Tyrol, Italy). Drawing from qualitative data through interviews with over 40 senior innovation managers and project leads from medium to large companies, the research focuses on organizations with more than 500 employees and prioritizes disruptive innovation projects.

Why Corporate Venture Building?

The core reason many corporates embark on a venture-building journey is to generate new revenue streams. In the study, 76% of participants said financial returns were the primary motivation for their venture-building efforts. But there’s more to it than just revenue.

“Companies also start venture building to tap into innovation culture,” Karyna notes. “CVB is seen as an engine to boost organizational forward thinking and foresight logic.” These ventures allow organizations to explore new business models and technologies that may not fit neatly into their core business.

Stefan emphasizes that venture building is not for every type of innovation. “If you’re simply iterating on your existing products or adding new technologies to internal processes, that’s not venture building,” he explains. “Venture building is about creating entirely new business models. It’s about exploring new monetization methods, go-to-market strategies, or partnerships with a higher degree of uncertainty.”

Venture building becomes crucial when an organization deals with “unknown unknowns,” where traditional corporate processes and risk management won’t suffice. “You’re not managing risk anymore; you’re navigating uncertainty,” Stefan explains. “This is where corporate ventures come into play.”

Four Success Factors for Venture Success

Based on their research and client experience, Stefan and Karyna identified four critical success factors that can make or break corporate ventures:

1. Top Management Commitment

“It’s not surprising that top management support is crucial,” Karyna says. But it’s more than securing budget approval. It’s about patience and a willingness to give ventures the time and space to develop. “Leaders need to understand that venture building is an iterative process. It takes upfront investment, freedom to experiment, and the ability to navigate unknowns without expecting immediate results.”

Lack of strategic alignment is one of the key challenges shared by participants in the study. “In the end, building ventures is always an opportunistic thing. It’s an entrepreneurial activity with some opportunistic flavor to it,” Stefan says. “It’s important to have a clear framework and governance, so it’s no longer the ‘Battle of who shouts the loudest.’”

Another critical element is operational autonomy. Corporate ventures often get bogged down by traditional organizational processes, from legal hurdles to procurement systems. “Giving corporate ventures a safeguarded environment to move quickly is essential,” Karyna stresses.

2. A Diverse Venture Team

When it comes to venture success, team composition matters. Diverse, complementary skill sets are necessary. “Having co-founders with different strengths, whether entrepreneurial experience or technical expertise, creates balance and helps eliminate biases,” Karyna says.

Different entrepreneur profiles are needed at the distinct phases of development, from validation through to launch and growth. “It’s about having the right team to assess and validate the opportunity, having the right team to launch and develop an MVP and pivot, and then being able to hire the top

growth profiles to optimize and grow the venture and the value proposition overall,” Stefan notes.

According to the study, many companies partner with external providers to fill gaps in venture teams. These external resources help with everything from ideation and product development to UX/UI design, offering the expertise needed at various stages of the venture journey.

3. Governance and Portfolio Management

Successful CVB requires a robust governance framework. “Governance is what streamlines your corporate venture activities and ensures alignment with broader strategic goals,” Karyna explains. Transparent decision-making processes, performance metrics, and risk management systems are vital for tracking progress and knowing when to cut underperforming ventures.

Stefan adds that a funnel approach to decision-making is critical. “At each gate in the process, you should have clear requirements and decision points. Whether validating market fit or assessing scalability, having predefined gates ensures that decisions are based on data, not gut feelings.”

4. Leveraging the Parent Organization’s Unfair Advantage

Corporate ventures can tap into the parent organization’s resources, which is one significant advantage over traditional startups. These resources can provide a considerable edge, including access to financial capital, operational capabilities, or valuable networks.

“It’s about leveraging those unfair advantages, whether it’s quick access to funding, production

capacities, or strategic partnerships,” Karyna says. “Organizations should ensure their ventures have full access to these resources to accelerate growth and validation.”

Creating a Clear Pathway to Success

The main takeaway from the study is that corporates must develop a transparent, structured approach to venture building. Stefan and Karyna suggest following a funnel-based model that takes ventures from early ideation to market validation and scaling. Organizations must reassess their ventures based on progress at each stage, ensuring only the strongest ideas move forward.

Stefan highlights the importance of decision gates at each stage of the funnel. “Each gate should have clear requirements for moving forward. Whether hitting key market validation targets or showing clear product-market fit, you need to have criteria that can be evaluated at every step.” In addition, Stefan stresses the importance of choosing the right decision-maker with the skill set to make those judgement calls at each gate.

“They should be able to take those decisions and judge if the outlined opportunity makes sense, or if the market fit is really validated, or if the problem/solution fit is really validated.”

The Future of Corporate Venture Building

As corporate venture building gains momentum, Stefan and Karyna believe the practice will continue to evolve. While many corporate ventures have historically been launched in areas deemed non-critical by the core business, that’s beginning to change. “As venture building becomes more C-level ready, we’ll start to see more strategically aligned ventures,” Stefan predicts.

The key to success is balancing strategic alignment with entrepreneurial freedom. By leveraging top management support, building diverse teams, implementing clear governance, and tapping into the parent company’s resources, organizations can significantly increase their odds of creating successful ventures that generate new revenue streams and help them stay ahead in a rapidly changing market.

▶ Venturing Beyond the Hype— How to Build Viable Ventures in a Down Market



Sebastian Müller
Founding Partner at MING Labs



Like most forms of innovation activity right now, corporate venture building is going through a reckoning. As economic conditions become more challenging, interest rates rise, and the cost of funds goes up, the willingness of organizations to invest in ventures is stalling. For Sebastian Müller, COO at *MING Labs*, this isn’t such a bad thing, if these tougher conditions encourage venture builders to make some fundamental changes to the way they operate.

As belts tighten, and organizations question the value they've received from investments in the past—what can venture builders do to provide a greater chance of delivering meaningful returns?

Look to Founders, Not Consultants or VCs

As corporates take a more critical look at their venture building activity, they're starting to identify a few common themes:

- For the amount of excitement, money and activity they've poured into ventures over the last few years, success stories of ventures that have managed to scale up are few and far between. Most of the ventures haven't been structured in an investable way, and struggle to raise funding when the corporate money taps turn off.
- Many ventures were started with the motivation of trying out or applying a new technology to a problem the corporate is already invested in. This rarely turns into a viable business.
- Corporate ventures often feed on their own hype without being exposed to critique from external parties like investors. This can lead them down a dangerous and delusory path.

Sebastian believes that the root of many of these problems lies in the fact that corporates have learned their venture building approaches from consultants and VCs. "Consultants earn money for telling people what to do, but not actually doing it. They'll tell people what venture to build based on some research and benchmarks, and design complex program structures and teams, but this sets up a big problem when the consultant is long gone, and the people who are supposed to implement realize the venture actually faces massive issues," he says.

Emulating VCs hasn't worked for venture builders either. "VCs are very happy to bet a lot of money on their investments, and if they bet enough and at least one makes it big, then they make some money. But corporate ventures are playing a completely different game."

For Sebastian, corporate ventures should actually look to founders not consultants or investors to find the right mindset for success. Why? Because founders need money in order to grow their business, they build companies that do something customers are willing to pay for. As a result, they overwhelmingly focus on customer pains and finding a solution to those pain points that is as simple as possible, has a good customer lifetime value, and a reasonable cost of acquisition. In short, founders build viable businesses that are able to scale.

Focus on Customer Problems Instead of Trends

Another common corporate venture pitfall has been getting caught up in the hype of new technologies, like blockchain, NFTs, AI and VR. But while they might like the sound of the next big thing, being driven by tech is a recipe for failure when building a venture.

"If you want to play around with cool tech, go to the innovation lab. If you want to bet on trends, go to Corporate Venture Capital," Sebastian says.

In venture building, we need to focus on properly resolving customer pain points, which has nothing to do with what tech you actually use. Most corporates don't actually do this, even though they say they do. They never really put it into practice."

Putting the customer pain point at the heart of a business means understanding their problem, and things like its context,

its frequency, and the current workarounds they're using to overcome it. This can then be used to come up with ideas on how to solve the problem, which can be validated with customers during discovery.

The only ventures that should be built are 'painkillers'—companies that provide a solution to a crucial customer pain. This means there will always be demand for the business, even in a down market. Get this right, and venture building actually becomes far less risky than people think.

"Venture building is always described as super risky," Sebastian says. "But in this business we actually have some of the most risk averse people. We need these people to point out all the things that could go wrong, and then very practically, do things to figure them out. This level of risk aversion ends up saving us many millions of dollars down the line and leads us to actual startups that are able to successfully raise money in the market."

Getting Skin In the Game From Customers to Build a Viable Venture

So how should venture builders prove they've identified a customer pain point that can lead to a viable business?

A tried and tested method is of course conducting customer interviews and tests, but Sebastian cautions against relying too much on these. Although they're useful in the early stages of a venture, they don't provide sufficient levels of proof that a product or solution will actually be profitable. Even if the customer says they like something, this offers no guarantee of translating into monetary value.

"I regularly see big companies throwing millions at pitch decks that have no more validation than showing a customer picture and asking them if they like it. This leads them to put in millions that are basically guaranteed to fail, just because the storytelling was good," he says.

"In the venture building game, we always need to come back to fundamentals. The only thing that matters is that there's a revenue, that we're selling something to a customer. This ensures there's real skin in the game on the customer side and that they want to use the solution. It's the only way to actually build scalable businesses."

Sebastian recommends reframing customer interviews around sales, running pilots as early and as frequently as possible to start generating revenue, and ensuring the team is always made up of a combination of commercial and product people, to make sure they build something the customer both wants and will pay for.

Don't Believe the Hype(tech)

A focus on selling to customers distinguishes real ventures from pet projects, which are often based around hyped technologies that will make headlines with the board, rather than solving real customer needs. This "hypetech" causes a range of challenges:

- **Hammer-and-nail syndrome:** When technologies like generative AI (GenAI) or Blockchain become the driving force behind a venture, every problem looks like an opportunity to use them. This blinds teams to better solutions for the job.
- **Talent availability:** Talent in hype areas is likely to be scarce and overpaid (when hiring both employees and freelancers). This increases the overall cost base for the venture before the team even knows if it's viable to begin with.

- **Technology maturity:** The technology might still be fairly young, with use cases and structures that haven't yet been explored. This leaves the venture dependent on a more vulnerable system than if the business invested in tried and tested tools.
- **Venture readiness:** In the beginning, ventures often don't have enough supporting infrastructure to actually build systems with a level of utility that makes sense for users. For example, when creating an GenAI product, it might lack enough supporting data to build a relevant tool for customers.

Venturing Beyond the Hype and Building Successful Businesses

As we've seen, new technology is often an enticing prospect for executives to invest in. But building a venture on the back of technology alone isn't enough. To be successful, corporate ventures need to solve a real problem, releasing solutions to the market and getting paying customers on board. As Sebastian notes, this can be a humbling experience.

"Instead of betting on the big disruptions and spending a year or two building something

for a few million, which then completely falls flat, get those first few dollars coming in. For some of our pilots, we just say, 'Let's collect \$2 from this person or \$5 from that person' to work out if the customer thinks it's worth it. Do they actually care enough about the product to spend their money? If you get rejected for a \$5 monthly subscription, you better go back and check what's wrong with your idea," he says.

By focusing on the customer pain point, not getting distracted by the promise of new technology, and looking to founders with practical experience of running successful businesses, venture builders can create companies that are actually able to raise external funding, scale up, and take on a life of their own. This is a win-win for corporates investing in venture building, as the end result is a fully independent and viable business.

"If the corporate wants to buy back the venture after it has scaled, then great. But if not, obviously it will still go on and do well. At the end of the day for me as a venture builder, the most important thing is that all ventures are able to do good things in the world and actually help to improve things," Sebastian concludes.

▶ How To Successfully Scale Corporate Ventures



Killian Veer
Group COO at The Delta



Venture building is a tried and tested method for organizations to discover, validate, and incubate new business models. Originating in the US in the 1950s with the first *Corporate Venture Capital (CVC)* activities, organizations initially used this approach as a way of diversifying their portfolios and investing in areas outside of their core business.

Fast forward to the early 1990s, and companies like *Intel* had begun to use CVC to acquire new businesses that were strategically aligned with their operations, to complete gaps in their portfolios. Soon after, company builders like Idealab were born—as people began to realize that founding a business was a repeatable process that could be done the same way over and over again.

For Kilian Veer, Group COO at *The Delta* and author of *Successful Venture Scaling*, this replicability is at the heart of corporate venture building we know today. But building and scaling companies are two very different things. While companies might be able to rinse and repeat their methodologies to launch successful businesses, scaling typically proves much more of a headache. What are effective strategies for standardizing the scaling process in order to do things better?

Building Ventures—A Tried and Tested Method

In the past three decades, organizations have come up with a solid methodology for building businesses. There is a standardized roadmap made up of different phases and goals, with specific tools and processes to follow at each stage.

In the ideation phase, venture builders identify a target market, map out the pain points of potential customers, and come up with possible solutions. When coming up with a value proposition at this stage it's important they find something that's a good strategic fit with their corporate partner.

In the validation phase, they create their business model, building a testable prototype or Minimum Billable Product (MBP) that the customer would be willing to pay for, and putting together their investment case.

In the incubation or startup phase, the new company launches their product and begins to acquire paying customers.

As Kilian Veer notes, most of the elements here are repeatable across different venture building activities and different markets. It's hard work, but once venture builders have established a good way of working with their corporate partner or organization, they can rely on the methodology to guide them effectively through these different phases.

After the launch of the company, however, things start to become more difficult. At this stage, when the product has been released to customers, venture builders need a much more bespoke approach that maps on to their specific circumstances.

As a result, there aren't many methodologies leaders can follow to guide them through growing and scaling their business. When we also consider that the people running these ventures are typically former corporate managers with no experience as entrepreneurs, it's a difficult challenge to navigate.

Reaching True Product-Market-Fit

Given these difficulties, how should ventures approach the scaling process? For Kilian, companies should only start to focus on scaling once they've achieved a product-market-fit. This means they've identified what the product is, the value it offers, and its USP, and aligned this with the target market and their plan for selling the product.

Unfortunately, it's quite common to focus too much on the product here—concentrating on adding extra features customers have asked for and not enough on the market.

It's therefore really important to really dig into commercial factors, identifying, testing and analyzing all potential sales channels for the product to find the right ways of reaching customers.

Companies also must bear in mind that the product-market-fit is not a steady state. Even if an organization creates a brilliant product, which is really well-positioned in the market, they can't rest on their laurels. As markets change, customers ask for new things, and the challenges faced by the organization evolve, the product-market-fit shifts. They therefore need to make sure they're constantly analyzing the market and investing in developing their product.

Scaling, Not Failing

Once product-market-fit has been reached, the company can begin to scale. The aim here is to unlock efficiencies, and it requires a real mindset shift from how things were done before.

For example, the company should move from testing everything and "failing fast" in order to learn quickly, to instead not wanting to repeat its failures. It should look to standardize and automate the things that have worked well, to secure more significant gains. It should also hire specialist team members, with specific experience in relevant market and business areas, to take the company forward.

This last point is likely to significantly change the feel of the business. Difficult decisions will need to be made, as the company becomes more professional and the generalists with broad skill sets who were invaluable during the venture building phase may no longer add value.

The company will also need to invest in developing its systems and processes, such as onboarding, finance and HR, and put

management hierarchies in place. As a result, the makeup of the business will likely change from more of a startup, family feel to more of a traditional company.

Assessing Scaling Readiness

Once they've got the right mindset, companies can determine their readiness to scale, by analyzing the status of their different business areas through a scaling readiness assessment.

"In a scaling readiness study, you ask yourself questions about certain business areas," says Kilian. "This could be sales, it could be marketing, or it could be way more specific. For example, you might find out that you're generally good at sales, but your pricing isn't right, so you need to work on developing a standardized pricing strategy."

"The results of the scaling readiness study will enable you to prioritize the areas that you need to work on. Prioritization is key, because trust me, I have not seen a single venture out there that only needed to work on one or two of these dimensions," he adds.

Getting Started With Implementation

When all the areas of the company are ready to scale, it's time for implementation. Kilian recommends a few key activities here:

- Find someone with the relevant skills and experience to scale the company, whether it's a consultancy or an internal team member
- Set up a project management office (often led by a Chief of Staff or Entrepreneur in Residence) to run strategic projects and ensure the scaling process stays on track
- Revisit the vision, mission, strategy and business model to ensure it's relevant for the company as it scales

- Ensure sales and marketing are aligned
- Adjust product development and production to meet additional demand

To prioritize the tasks and focus areas involved in implementation, Killian suggests looking at their urgency: what has an influence on revenue, what has an influence on profit, and what will improve the organization and make the daily lives of the team easier.

This needs revisiting on a regular basis—perhaps every half a year—as the company evolves. This will undoubtedly result in a change of approach from the building phase.

Using software as an example, the building phase is all about building a product that fits customer needs. This means constantly developing new features, testing and integrating them into the product. But when scaling, this is no longer the only—and probably not even the most important—priority for the team.

“In the scaling phase, the focus is all on selling the software”, Killian says. “Assuming this goes well, thousands of customers will then be using the software, which needs maintenance, and must be kept running 99.99% of the time. But what happens if the software itself is just not developed enough for that yet? You have to sort this out, because otherwise you cannot scale no matter how much you sell. If you can’t deliver

on your sales, you’re screwed. Every venture that enters the scaling phase needs to look at what the business areas are they need to address during scaling.”

A Repeatable Methodology For Scaling Ventures

It’s these kinds of tasks, as well as the scaling readiness assessment, that can be standardized in the scaling process, enabling organizations to follow a kind of methodology as they transition from building to scaling their venture.

Killian also emphasizes that ventures really do need their own approach to scaling, and can’t rely too much on guidance from their corporate partners.

“Usually, the answer from corporates is, don’t worry, we’ll help you out,” he says. “But I’ll be honest here, that’s bullshit. I’ve worked on the corporate side for a while, and I can tell you, it doesn’t work. That’s not a surprise, because using corporate approaches to scale a startup would be like using a sledgehammer to drive a nail into a wall. There’s a thin chance you might actually put the nail into the wall, but there’s a much greater chance you’ll take down the entire wall instead. And this is usually what happens.

Corporate processes are still, even in the scaling phase, way too overwhelming for the startup to use.”

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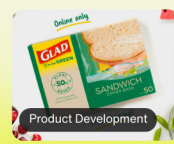
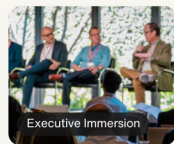
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Open Innovation

▶ The Age of Hybridization and Results



Alberto Onetti

Chairman & President at Mind the Bridge



Open innovation is widely adopted but rarely mastered. Alberto Onetti, chairman of *Mind the Bridge*, believes we're entering a new era defined by hybrid models and tangible outcomes. He outlines the trends and shifts essential for companies to stay competitive, emphasizing strategy, strong leadership, and results-driven innovation. With tools like R&D-as-a-Service and a move beyond accelerators, companies that adopt these combined approaches are better positioned to lead in innovation.

It's Time to Evolve: The Need for Hybrid Models & Diverse Tools

Techniques that worked even a few years ago are outdated, and companies must adapt to the demands of today's complex landscape. Alberto believes that innovation now requires hybrid models that can replace outdated approaches. For example, tactics like corporate accelerators designed for branding have lost their edge and no longer deliver meaningful impact.

"The era of marketing innovation through buzzwords, hackathons, and startup partnerships is over," he says. In light of the current climate of budget cuts and economic downturn, today's organizations must focus on practical, scalable innovation efforts that produce tangible business results. In short, innovation, for innovation's sake, isn't cutting it anymore.

One of the most significant shifts in open innovation is the rise of hybrid models. Alberto explains that no single tool or approach will save your company. "Open innovation is multiple things, multiple tools, and unfortunately, you need most of them."

Successful innovation requires a blend

of strategies, including venture clienting, *Corporate Venture Capital (CVC)*, and establishing innovation outposts or antennas in innovation hot spots like Silicon Valley. While some tools, like venture clienting, are trending up, others, like corporate accelerators, are declining, underscoring the need for companies to adapt to these shifts.

Once seen as a cornerstone of corporate innovation, accelerators are now under scrutiny. "Corporate accelerators don't work," Alberto says and, while accelerators had their moment, they are no longer the best way for corporations to work with startups.

In the case of accelerators, frustration mounts when early-stage startups fail to deliver market-ready solutions after months of support. "Business units see these startups and think, 'Why are we wasting our time?'" he explains.

Instead, Alberto recommends shifting focus to venture clienting and other hybrid models that offer more strategic alignment with corporate goals. "The jury is still out on whether venture builders will be the ultimate solution," he says. Venture clienting, on the other hand, is emerging as a more efficient and results-oriented alternative.

The Age of Results: Metrics Matter

Alberto believes that the *Age of Marketing* and the *Age of Collaboration* are over for open innovation. In a climate of economic recession and budget cuts, companies are under pressure to demonstrate the value of their innovation efforts. We've entered the *Age of Results*.

Only teams delivering measurable outcomes will survive, "If you can't show results, you'll be cut," Alberto warns. He outlines key tangible metrics such as new revenue streams, cost savings, and time-to-market improvements as essential indicators of immediate impact. However, the ultimate outcome of innovation "isn't technology change, it's strategic change," underscoring that true success lies in driving broader, long-term organizational value.

Alberto acknowledges that intangible benefits, like brand equity, cultural transformation, and risk reduction, are equally vital but more challenging to quantify. He encourages companies to create frameworks that capture both tangible and intangible outcomes to secure long-term support for innovation. "We're working with many corporates right now to find the best way to measure value," Alberto explains.

To illustrate potential ways to measure strategic impact, he cites *TotalEnergies'* approach of tracking the time its CEO spends dedicated to startup initiatives. This measure, while simple, reflects a commitment from the highest levels and signals how much innovation is prioritized within the company's culture. Creative metrics like this can effectively showcase leadership engagement, a critical factor in driving innovation success.

Why Innovation Needs Global Connectivity

Alberto cautions that "innovation isn't flat" and that ecosystems differ vastly in capability. Establishing 'innovation outposts' in global hot spots is necessary to tap into concentrated talent pools and resources. Four hundred out of the *Forbes Global 2000* companies have an outpost in Silicon Valley, and around 250–300 have an outpost in Tel Aviv.

"Don't just try to replicate Silicon Valley locally. It doesn't work. You definitely need to connect with the big places, and you need a presence in key ecosystems," he emphasizes. Local-only innovation, or 'inbreeding,' often yields limited results, noting that policymakers increasingly call it the 'This is not the right place to be' syndrome. Instead, connecting with established innovation hubs is essential to access the expertise, networks, and resources needed for significant growth.

Strategic Alignment and Leadership Buy-In

A critical factor in innovation success is leadership support. "If the CEO isn't convinced, nothing will happen," Alberto says. Innovation initiatives risk being deprioritized if the CEO and executive team are not fully onboard.

"Your organization must be designed to give innovation a leading role," he adds, stressing that innovation should be a core business priority, with strategic alignment at all levels. This begins with having the right people at the helm. Innovation can drive meaningful, long-term change only with top-level buy-in and integration into the company culture.



Twenty Years of Open Innovation: Overcoming Internal Barriers for Success



Henry Chesbrough

Professor and Executive Director at the Center for Open Innovation
at Berkeley



Two decades after Henry Chesbrough introduced the concept of open innovation, it has since revolutionized how organizations approach collaboration and innovation. Yet, as Henry highlights, the most significant barriers to open innovation lie not outside the organization but within. These challenges stem from entrenched internal silos, resistance to change, and misaligned workflows that prevent organizations from fully capitalizing on external knowledge sources.

Open innovation leverages external resources—startups, customers, universities, and crowdsourcing platforms—to co-create innovative products and services. It is a distributed innovation process that relies on knowledge flows across organizational boundaries for financial and non-financial gains. Henry explains that the goal is to move knowledge efficiently to where it is most needed, often necessitating changes in workflows, structures, and incentives.

The financial and strategic benefits of open innovation are well-documented. Organizations that engage with diverse external sources consistently outperform those that remain insular. Studies such as the *Community Innovation Survey* confirm the correlation between open innovation and superior innovation performance. Similarly, large corporations integrating open innovation practices report enhanced results, underscoring the model's effectiveness.

Despite its successes, open innovation often encounters internal resistance. A telling example is NASA's experience with crowdsourcing, as documented by Hila Lifshitz-Assaf. While crowdsourced solutions

yielded groundbreaking advancements, internal engineers perceived external contributions threatening their professional identity. This defensive posture underscores the critical need to address organizational culture and mindset when implementing open innovation.

Breaking Down Silos: Practical Solutions

Henry offers actionable strategies to mitigate internal barriers:

- **Cross-Functional Rotations:** Rotating personnel across departments fosters a culture of collaboration and shared knowledge. For instance, a manager transitioning between a corporate venture capital (CVC) team and a business unit gains insights that facilitate smoother integration of external innovations.
- **Executive Champions:** Assigning senior leaders as champions for key customers forces a holistic view of innovation. Cisco's approach, where executives balance functional responsibilities with customer-centric innovation initiatives, exemplifies this practice.

- **Internal Market Mechanisms:** Haier's Rendanheyi system transforms internal silos into micro-enterprises, enabling departments to contract services internally and externally. This approach accelerates innovation by creating a dynamic, market-driven internal ecosystem.

Overcoming internal silos is essential to unlocking the full potential of open innovation. Twenty years of progress have

proven the concept's viability, but its future depends on organizations addressing internal resistance and fostering a culture that values external collaboration.

This reflection on two decades of open innovation serves as both a celebration of its impact and a call to action for organizations to refine their internal processes and embrace a truly open approach to innovation.

Collaborative Innovation: Co-Developing with Start-ups



Fred Schonenberg
Founder & CEO at VentureFuel



Seizing white space market opportunities is necessary for businesses keen on maintaining their competitive edge in today's fast-paced world. Enterprises are increasingly turning to startups for collaborative innovation. These partnerships are instrumental in developing new products that address existing customer pain points and explore untapped market segments, suggests Fred Schonenberg, Founder & CEO at *VentureFuel*.

Collaborative innovation thrives on the unique strengths that each party brings to the table. Startups are agile, often unburdened by the bureaucratic processes that can slow down larger organizations. They bring fresh perspectives and cutting-edge technologies to the table. On the other hand, enterprises offer resources, industry expertise, and market access, making them ideal partners for scaling innovations. Together, they create a synergistic environment where new ideas can flourish, and transformative technologies can be developed and commercialized.

Co-development serves as a bridge, connecting the innovative potential of startups with the expansive reach and resources of established companies. By working together, corporations can tap into the agility and creativity of startups while startups gain access to the scale and stability of large organizations. Co-development accelerates R&D and de-risks M&A, creating a third pillar to explore and exploit adjacencies and emerging markets, as well as future-proofing the core business. This partnership can lead to the creation of groundbreaking products and solutions that neither party could develop independently.

Navigating the Dynamics of Startup–Enterprise Partnerships

Navigating the dynamics of startup–enterprise partnerships requires careful consideration of several key factors to ensure successful collaboration. Here are the main points to consider:

- **Collaborative innovation:** Co-development between startups is a powerful strategy that accelerates the pace of innovation. These two entities can tackle complex challenges with fresh perspectives and diverse expertise by combining their unique capabilities. This collaboration fosters a culture of creativity and experimentation, enabling both parties to explore new possibilities and push the boundaries of what's possible.
- **Challenges in partnerships:** While the potential rewards of startup–enterprise collaborations are significant, navigating the dynamics of these partnerships can be challenging. Both parties must align their strategic objectives and establish clear communication channels to ensure successful outcomes. Enterprises must be open to new approaches and willing to share control, while startups must be prepared to meet the more rigorous demands of enterprise-level operations.
- **Trust:** Trust is a critical component in these relationships. Enterprise organizations must trust startups with sensitive information, while startups must rely on enterprises for support and mentorship. Establishing mutual trust early in the partnership can pave the way for more effective collaboration.
- **Expectations and role definitions:** Setting clear expectations and defining roles can help both parties work towards common goals without unnecessary friction. This clarity enables each side to focus on their strengths and contributions, ensuring smoother cooperation and more successful outcomes in the partnership.

Identifying Transformational Technologies for Future Growth

The quest for transformational technologies is at the heart of startup–enterprise collaborations. By co-developing new solutions, enterprises can future-proof their industry-leading positions and stay ahead of the competition. Identifying these technologies requires a keen understanding of market trends, consumer needs, and emerging innovations.

Enterprises often leverage their internal research and development (R&D) capabilities to identify potential areas for growth. However, by collaborating with startups, they can access a broader range of innovative ideas and technologies. This approach enhances their innovation pipeline and allows them to explore nascent opportunities that may not yet be on their radar. The result is a more robust strategy for capturing new growth opportunities and driving long-term success.

Leveraging Co-Development Accelerators for Rapid Commercialization

Co-development accelerators serve as a powerful vehicle for rapid commercialization. These programs are designed to bring together startups and enterprises in a structured environment where they can co-create and test new solutions. By running experiments and developing prototypes, these accelerators help validate technologies and assess their market potential.

The benefits of co-development accelerators are manifold. They provide startups with access to enterprise resources and mentorship while enterprises gain insight into innovative technologies that can be integrated into their product lines. This collaborative approach reduces the risk

associated with innovation, as both parties share the burden of development costs and can pivot quickly if a project does not meet expectations. Ultimately, co-development accelerators enable faster time-to-market and increase the likelihood of successful product launches.

Overcoming Challenges in Product Commoditization

Product commoditization is a significant challenge for many enterprises, as it can erode profit margins and diminish brand differentiation. Startup-enterprise collaborations offer a viable solution to this issue by driving innovation and enabling the development of unique products that stand out in the marketplace.

By co-developing new solutions, enterprises can refresh their product offerings and inject new life into mature product categories. This approach allows them to stay relevant and competitive in a rapidly changing market environment. Moreover, by addressing specific customer pain points through innovative products, enterprises can enhance customer loyalty and build more substantial brand equity.

Integrating Co-Development into Long-Term Strategic Vision

As technology continues to evolve, the landscape of innovation partnerships is set to change dramatically. Emerging technologies such as artificial intelligence, blockchain, and the continued acceleration and adoption of the Internet of Things (IoT) offer new opportunities for co-development, enabling partners to create more sophisticated and integrated solutions.

Additionally, the rise of open innovation ecosystems, where multiple stakeholders collaborate and share resources, is likely to become more prevalent. These ecosystems can facilitate co-development by providing a platform for knowledge exchange and collaboration, further enhancing the potential for innovation.

For enterprises, integrating co-development into their long-term strategic vision is crucial for sustained growth and success. Startup collaborations play a pivotal role in this process, as they provide enterprises with the tools and insights needed to adapt to evolving market demands and technological advancements.

By making co-development a key pillar of their strategic vision, enterprises can create a culture that values creativity and encourages continuous improvement. This mindset supports current growth objectives and lays the foundation for future success. As enterprises continue to work with startups, they can refine their innovation strategies and ensure they remain at the forefront of their industries.

Startup-Enterprise Collaborations: A Powerful Catalyst

In conclusion, startup-enterprise collaborations are a powerful catalyst for product innovation and market expansion. Through co-development, accelerators, and strategic partnerships, enterprises can unlock new opportunities, address customer pain points, and secure their position as industry leaders. By embracing these collaborations, businesses can navigate the challenges of commoditization and integrate innovation into their long-term strategic vision, ensuring sustained growth and competitive advantage in the years to come.

Case Study: Unlocking New Growth Opportunities in Material Science

A recent case study brings the potential of co-development to life. A client in the manufacturing sector came to VentureFuel with concerns about the commoditization of their core product, “*the product*,” that built tens of billions of dollars in shareholder value and made them the industry leader. They foresaw market trends that had the potential to commoditize their core product. The solution? The co-development of new technologies in partnership with emerging startups in their industry.

Seize White Spaces to Address Key Customer Pain Points

VentureFuel’s strategic task was to help them identify the next generation of transformational technologies in core product areas. They sourced the best new global startups to co-develop innovative solutions with them. Each solution was required to have the potential to commercialize at scale as a part of the client’s portfolio. The goal? To strengthen their industry-leading position and protect it from would-be disruptors.

Stealth, Co-Development Accelerator

Although the model of startup accelerators is often considered to be a big, splashy public initiative surrounded by press and resulting in investment, VentureFuel’s solution was a stealth startup accelerator whose objective was to deliver technical collaboration between the founders and the client’s internal R&D. By collaborating with internal R&D to satisfy existing customer pain points, they were able to identify 210 relevant startups across eight emerging technologies. Ten were down-selected to participate in the program using a custom rubric built to reflect

the client’s priorities, culture, industry, and strategic objectives.

Twenty-five experiments were conducted, resulting in the production of 6 prototypes to validate the technologies. Five startups received significant post-program deals ranging from exclusive supply agreements to investments to joint-development agreements. They are currently working to rapidly commercialize the most promising technologies in partnership with VentureFuel’s client, transforming new product development timelines from 5–7 years to 2–3 years at scale.

Tangible Innovation with Impact

“[Our] core [technologies] are more than 20, perhaps more than 30 years old, and in a natural product evolution, it will be replaced by something. We need to be the company that controls that next product category. So, we aspire to get out in front of what that next technology looks like.”—President, Program Sponsor.

The co-development accelerator model has unlocked an opportunity zone between R&D and M&A, allowing for faster, low-risk innovation and exploration of nascent but promising technologies. Innovation has become a key pillar of the company’s strategic planning process and a stand-alone pillar that complements its R&D and M&A activity.

Co-development as a Strategic Pillar for Long-Term Success

Businesses must continuously adapt to changing market conditions and technological advances. Co-developing new products with startups can help enterprises future-proof their operations by integrating transformational technologies into their offerings. As R&D teams look ahead to

the future, they must consider how to integrate these types of collaborations into their innovation practice to help unlock transformational technologies.

By collaborating with startups, enterprises can gain early access to disruptive technologies that have the potential to reshape industries. This proactive approach allows companies to stay ahead of the curve and anticipate future trends rather than reacting to them. Co-development initiatives enable enterprises to diversify their product portfolios and reduce reliance on aging technologies. By investing in

new technologies, companies can create a sustainable competitive advantage that ensures long-term success.

To achieve this goal, companies must prioritize innovation in their strategic planning and allocate resources to support co-development initiatives. This includes investing in R&D, creating innovation hubs, and establishing partnerships with startups and other stakeholders. Ultimately, innovation through startup-enterprise collaborations is not just a means to an end but a critical component of a company's long-term commercial success.

Structuring Corporate Venturing for Strategic Impact: a Corporate Venturing Framework



Laurent Kinet

CEO at Novable & Author of *Corporate Venturing, a Framework—100 Ways Startups Can Transform Your Organisation*



In the evolving landscape of corporate innovation, the ability to systematically engage with external ecosystems has become a cornerstone of strategy. As organizations seek to integrate fresh thinking from startups and other external innovators, they face critical challenges: how to structure these engagements for strategic alignment, ensure measurable outcomes, and embed these collaborations within the corporate core.

The *Corporate Venturing Framework (CVF)* provides a robust methodology to address these challenges, offering both a strategic lens and actionable tools.

Context: The New Imperative for Corporate Venturing

Over the last decade, corporate venturing has shifted from being a niche activity

to a strategic necessity. Corporations recognize the value of external innovation for addressing market disruptions, technological transformations, and evolving customer expectations. Yet, venturing success remains elusive for many organizations. Research consistently shows that while corporate-startup engagements are prioritized, their scalability and integration into corporate objectives often falter. This is the gap the CVF aims to fill.

A Systemic Approach: Introducing a Corporate Venturing Framework

Developed by Laurent Kinet, an entrepreneur at the intersection of startups and corporations, the *CVF* is both a philosophy and a structured toolkit. Its genesis lies in Laurent's extensive experience working with startups, leading innovation efforts, and advising corporate leaders globally. He designed a framework that transforms venturing from a reactive pursuit to a strategic practice by analyzing the pain points and aspirations of both corporates and startups.

Four core pillars underpin the *CVF*:

1. **Strategic alignment:** Ensuring corporate venturing efforts align with broader organizational objectives.
2. **Model diversity:** Utilising varied approaches to startup engagement, from partnerships to co-creation and acquisitions.
3. **Outcome orientation:** Defining and tracking the tangible benefits of external innovation.
4. **Organizational integration:** Embedding venturing activities into the corporate DNA to ensure sustainability.

The Corporate Venturing Canvas: A Practical Tool for Innovators

Central to the *CVF* is the Corporate Venturing Canvas, a visual and conceptual tool that helps organizations map their objectives, resources, and collaboration models. Inspired by frameworks such as the Business Model Canvas, this tool adapts to the unique dynamics of venturing by providing:

- **A framework for decision-making:** Simplifying the complexity of evaluating and selecting engagement models.
- **Scalability:** Adapting to ventures of all sizes, from small experimental pilots to large-scale strategic partnerships.
- **Clarity:** Ensuring all stakeholders, from innovation teams to C-level executives, are aligned.

The Canvas is complemented by a set of roadblocks and dashboards that operationalize strategies, enabling corporations to track progress and refine their approaches.

From Theory to Action: Bridging Gaps Between Corporates and Startups

One of the key challenges in corporate venturing lies in managing the inherent differences between startups and corporations. Startups prioritize speed, experimentation, and disruption, while corporations often emphasize stability, scalability, and risk management. The *CVF* addresses this challenge through its 50 Models of Engagement and 100 Startup Benefits.

These models and benefits serve as a lexicon for venturing professionals, ensuring that corporates and startups can find common ground. For instance, where a corporation might value access to cutting-edge technologies, a startup might seek mentorship or distribution networks. By explicitly matching these needs, the *CVF* fosters mutually beneficial and strategically impactful partnerships.

The Future of Corporate Venturing: A Vision for Europe and Beyond

Corporate venturing is no longer a strategic experiment—it is necessary to navigate the challenges of a rapidly changing world. As Europe faces unique pressures, from its fragmented innovation ecosystem to the urgency of climate action, corporate venturing holds the potential to catalyze transformative solutions. By fostering cross-border collaboration and integrating diverse expertise, European corporations can play a leading role in addressing global challenges, particularly those linked to sustainability and the energy transition.

The emergence of new engagement models underscores the dynamism of corporate venturing. Traditional approaches, such as direct investments or accelerators, while still valuable, are no longer sufficient on their own. Increasingly, corporations are exploring hybrid models that combine elements of partnerships, joint ventures, venture clienting, and co-creation. These hybrid models allow for tailored strategies aligning more closely with specific strategic objectives, ensuring no engagement feels forced or mismatched. This shift reflects a growing recognition there is no one-size-fits-all approach to corporate venturing.

At the heart of this evolution is the need to integrate multiple models into a cohesive strategy. For instance, a corporation might

simultaneously operate a venture studio to build in-house capabilities, partner with startups for targeted innovations, and act as a venture client to gain early access to groundbreaking solutions. This hybridization not only provides agility but also ensures that venturing efforts remain relevant as industries evolve.

Looking ahead, the *CVF* provides a structured yet flexible methodology to navigate this complexity. Its emphasis on aligning venturing activities with corporate goals, leveraging diverse engagement models, and measuring tangible outcomes ensures that innovation professionals can adapt to the future with confidence.

For organizations committed to addressing global challenges like climate change, the *CVF* is more than a framework—it is a guiding philosophy. By embedding startup collaboration into their core strategy, corporations can turn innovation into a force for good, driving growth while contributing to a sustainable and resilient future.

As venturing professionals reflect on the models that work best for their unique contexts, one truth becomes clear: success lies not in rigid adherence to a single approach but in crafting hybrid strategies that balance ambition with adaptability. This is the future of corporate venturing—a collaborative, multidimensional, and impact-driven field where corporations and startups co-create meaningful change.

▶ Impact of Venture Clienting: Building Strong Partnerships for Success



Fabian Dudek
Founder & CEO at GlassDollar



Venture clienting has emerged as a strategic model for corporations to drive innovation by partnering with startups.

Fabian Dudek, founder of *GlassDollar*, shares insights from their comprehensive study, *The Impact of Venture Clienting*, the first quantitative study on corporate-startup partnering that reveals the powerful role venture clienting plays in shaping the future of innovation.

Methodology and Regional Differences

The study analyzed data from over 20,000 startups and 18,000 corporations, capturing 66,424 corporate-startup relationships. Data sources included startup websites, public mentions of partnerships, corporate press releases, and *GlassDollar*'s direct outreach to startups. Fabian explains, "Our primary source was startup websites, as they often list reference customers more comprehensively than corporations." He notes that "the real number of partnerships is likely five to ten times higher," as many are not publicly disclosed.

While venture clienting is widely adopted in Europe, particularly in Germany, it's also gaining traction in the USA, where companies like *Google*, *Apple*, and *Microsoft* engage in similar partnerships. "In the US, it's almost intuitive for corporations to integrate existing software solutions without building

everything in-house," Fabian says, adding that the European approach tends to be more structured and formalized.

Key Findings

Venture Clienting is a Partnership, Not Just an Investment

Venture clienting redefines the corporate-startup relationship. Fabian describes it as "a way for corporations to leverage startup innovations quickly and efficiently, solving real business problems while helping startups grow." For example, in industries like manufacturing and tech, companies are increasingly adopting venture clienting as a formalized approach to integrating external solutions into their processes. Corporations become early customers instead of investors, which provides startups with immediate, non-dilutive revenue and allows them to scale without giving up equity.

Early Customers Shape the Startup Ecosystem

Early corporate customers have a profound impact on a startup's growth trajectory. Fabian shares an example involving *Siemens*, which served as the first major customer for a startup working on visual inspection software to reduce production scrap. Through a proof

of concept (PoC) project, the startup proved its solution's value, leading *Siemens* to sign a long-term contract. This initial success enabled the startup to raise additional funding and gave *Siemens* direct influence over the startup's product development roadmap. Fabian emphasizes, "Early customers provide revenue and shape the future of innovation," underscoring that these initial relationships "determine the fertility of the broader startup ecosystem."

The Significant Economic Impact of Venture Clienting

Venture clienting creates substantial economic value for both corporations and startups. According to the study, each corporate-startup partnership generates an average of €900k in business impact for corporations and €145k Euros for startups. "These amounts may seem modest compared to venture capital rounds, but they represent sustainable, non-dilutive revenue streams that support long-term growth." He highlights *Siemens*, which has over 400 public startup relationships, as an example of the scale at which corporations engage with startups to drive mutual economic benefits.

The study shows regional patterns in corporate-startup partnerships. German companies like *BMW*, *SAP*, and *Siemens* prefer local alliances, while UK companies such as *Unilever* and *PwC* engage more in international collaborations. Fabian points out, "larger economies like Germany have a high share of domestic transactions, while smaller countries are quicker to look beyond their borders to scale."

Policy's Potential to Catalyze Venture Clienting

Government support could accelerate the adoption and professionalization of venture clienting. If policymakers sponsored PoCs,

it could lower the barriers for startups to engage with corporations. "It could make venture clienting a more accessible and structured approach and embed it into corporate innovation strategies at scale," Fabian suggests. This has the potential for broader innovation and establishes venture clienting as a widely adopted practice.

Leveraging Venture Capital and R&D Through Venture Clienting

Venture clienting enables corporations to benefit from startup-driven innovation without bearing the full cost of R&D. Fabian illustrates this with the example of *Siemens*, which collaborates with startups that have collectively raised over 20 billion euros in venture capital. "Compared to *Siemens'* R&D budget of 5.3 billion euros, venture clienting allows them to tap into a massive source of external innovation," Fabian notes, positioning venture clienting as a way for corporations to access diverse innovations funded by outside investors.

Besides *Siemens*, other corporations actively leveraging venture clienting include *L'Oréal*, *Unilever*, and *Bosch*. All of these companies collaborate extensively with startups to enhance their R&D capabilities. Fabian observes, "*L'Oréal* and *Unilever* source technologies globally, reflecting a strong trend of international innovation sourcing among leading corporations."

Best Practices: Dedicated Teams and Pain Point Owners

For venture clienting to succeed, corporations need structured internal teams. Fabian believes that a dedicated venture client unit is essential and that "there are two key roles on the corporate side: the venture client lead and the pain point owner." The VC lead is responsible for "sourcing solutions, managing the PoC process, and

simplifying how new solutions can be tested.” Meanwhile, the pain point owner is “the most important person in the process,” as they are responsible for the specific business challenge the startup solution addresses. This structured approach has proven effective for large corporations, allowing them to manage hundreds of startup partnerships and create lasting value efficiently.

Increasing Efficiency through Professionalization of Venture Clienting

As venture clienting becomes more widely adopted, corporations test more startup solutions each year. “One of the strong effects we’re seeing is that as the number of solutions increases, the price per test decreases,” Fabian explains. This is primarily due to corporations professionalizing their venture clienting units, implementing

streamlined, centralized procurement processes, and creating standardized procedures for evaluating and adopting startup solutions. This professionalization reduces costs and enables corporations to integrate innovation more quickly and at scale.

Opportunities for Academic Research

The *GlassDollar* study is a valuable dataset that warrants further exploration. Fabian encourages academic institutions to examine the quantitative impact of venture clienting on economic growth and corporate innovation. He hopes that “more academia will take on this topic,” as deeper research could guide corporate and policy decision-making and embed venture clienting as a vital tool for economic and innovation policy.

Challenge-Driven Innovation: A Guide to Unlocking Fresh Solutions



Bea Schofield
Chief Technology Office Innovation lead at Lloyds Banking Group



Bea Schofield, a consultant-turned-innovation leader at *Lloyds Banking Group*, delves into the intricacies of Challenge-Driven Innovation (CDI). This structured approach transforms lofty goals into actionable problem statements. Drawing from her extensive experience, Bea underscores the transformative power of clearly defined challenges.

Reframing Problems to Drive Breakthroughs

Bea emphasizes the importance of framing problems effectively, pointing to a soda company that struggled for years to refine bubble size in its products. By turning to an

open innovation network, they discovered an unexpected solution. They found an expert in foaming in metals from India who could adapt his knowledge to solve the problem. “Without stepping outside their internal R&D, they’d never have cracked it,” Bea notes, highlighting the value of diverse perspectives.

What is Challenge-Driven Innovation (CDI)?

CDI is a structured approach to solving complex problems. By breaking broad objectives into manageable units, focused innovation challenges lead to specific and actionable outcomes. This methodology can be applied to a wide range of fields, spanning sustainability, humanitarian efforts, and financial services. For instance, the *UK Ministry of Defense* reframed its sustainability goals by focusing on recycling military uniforms, an approach that balanced innovation with practicality.

Bea draws on the McKinsey horizons to guide the identification of challenges. Horizon 1 focuses on solving immediate, existing issues, Horizon 2 addresses strategic objectives that are too big to solve in one go, and Horizon 3 explores opportunities linked to emerging trends and transformative technologies. Structuring challenges across all three horizons ensures a balanced innovation portfolio addressing present needs and future potential.

Steps in the CDI Process

The systematic approach of CDI involves multiple steps to discover solutions that might otherwise be overlooked. The steps are as follows:

- 1. Identify the goal or opportunity:** Pinpoint a high-impact goal or opportunity. This could be an operational inefficiency, strategic objective, or emerging trend.
- 2. Define the challenge:** Break the broad goal into manageable and well-defined problem statements that guide participants toward coming up with meaningful solutions.
- 3. Select the channels:** Determine whether to source ideas internally, externally, or through a combination of both. Internal channels leverage organizational expertise, while external crowdsourcing brings fresh perspectives.
- 4. Evaluate solutions:** Review submissions against established criteria to identify feasible and impactful solutions. This involves prioritizing ideas that can be realistically implemented and aligned with strategic objectives.
- 5. Integrate solutions:** Work with solution providers to adapt and integrate the chosen ideas into the organization. This step ensures alignment with existing systems and processes.
- 6. Execution:** Implement solutions, focusing on measurable outcomes.

“Repeatable sustainable problem solving” is how Bea describes it. By following these steps, organizations can create a robust framework for ongoing innovation that adapts to their needs and strategic goals.

Kick-starting the Process

Bea outlines three essential questions to ask when initiating a new challenge. Firstly, “What could we do?” addresses the broad range of possible ideas. Secondly, “How can we...?” focuses on the feasibility by diving into the specific requirements and constraints. Thirdly, “Who can we do this with?” identifies potential partners, products, and contributors.

“Get the important details from the challenge owner so that you can give enough context and people don’t come up with the same solutions you’ve already tried,” Bea advises. By clearly defining the problem and providing the right background, organizations can avoid redundant ideas and guide solvers toward the most impactful solutions.

Crafting the Perfect Challenge

Successful challenges share five essential traits that can be easily remembered with the acronym “LASSO.” Bea outlines the traits as follows:

1. **Limited scope:** “Narrow challenges yield better solutions,” Bea advises. Instead of asking for ways to improve broadly, focus on specifics. Set a time frame, such as one month, to keep challenges on track.
2. **Actionable:** Challenges should align with the organization’s capabilities and resources. Make it very clear what the intent is and not so complex that it’s out of scope or too technical that solutions can’t be acted on.
3. **Specific:** Clearly define in-scope and out-of-scope elements. Bea stresses, “Participants need clear requirements to develop meaningful solutions.” Outline exactly what you want participants to do and give them enough background information, such as a list of requirements to guide them.
4. **Supported:** Challenges must tie back to strategic objectives. “Disconnected challenges risk losing momentum and buy-in,” she warns. Even the most well-written challenge will go nowhere if leaders in the organization do not support it.
5. **Owned:** Assign responsibility for the challenge and its outcomes. “Challenges without ownership rarely translate into action,” she cautions.

Engaging Internal and External Crowds

The dynamics of sourcing ideas internally are different from externally. Internal audiences often bring valuable context but may fall prey to groupthink. External participants, on the other hand, bring fresh perspectives, often

unearthing ideas that would otherwise be missed. Bea points to research indicating that 80% of open innovation solvers don’t fit traditional hiring profiles, making external engagement a critical component of innovation. She calls it “long-tail problem solving,” which is the practice of engaging diverse and unconventional contributors who may not otherwise be accessible through conventional channels.

When running parallel internal and external challenges, incentives play a significant role in the quality and volume of ideas. While financial rewards are a common motivator, Bea observes that many solvers participate because of the intellectual challenge and the opportunity to learn. Sourcing externally can bring certain benefits, such as the fact that participants are not influenced by the internal context, methods, and assumptions. This allows contributors to approach the problem with fresh eyes, often leading to out-of-the-box thinking.

Prioritizing and Designing Challenges

Prioritization is critical, especially in organizations with competing demands. Bea recommends evaluating challenges based on alignment with strategic goals, potential impact, and urgency. She advises against overly broad or technically complex challenges, which can overwhelm participants and dilute results.

For organizations venturing into challenge-driven innovation, Bea advocates a systematic approach to problem identification and solution evaluation. She highlights the importance of creating a repeatable framework that enables sustainable innovation to blossom while ensuring clear communication and support.

Managing Intellectual Property in Open Innovation

One vital consideration of open innovation is how to manage intellectual property (IP) when sourcing solutions externally. Bea emphasizes the importance of setting clear expectations from the outset. In the case of CDI, terms and conditions should clearly outline the requirements for solution submissions and the process for IP transfer if an idea is selected.

Organizations often anonymize challenges to protect sensitive information and encourage participation, so solvers may not be aware of the brand behind the problem. This approach requires careful management of IP transfer to ensure fairness and transparency for all parties involved. Bea believes these considerations should always be addressed upfront to create trust and streamline collaborations.

AI and the Future of Open Innovation: New Frontiers in Collaboration



Marcus Holgersson, Linus Dahlander, Henry Chesbrough & Marcel L. A. M. Bogers

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Artificial intelligence (AI) is fundamentally reshaping the landscape of *Open Innovation (OI)*, enhancing capabilities, and reimagining how organizations collaborate, search for solutions, and create value. As AI tools become more sophisticated, they're altering both the efficiency and scope of innovation processes, from finding new ideas to commercializing them across diverse fields.

Marcus Holgersson, Linus Dahlander, Henry Chesbrough and Marcel Bogers explore how AI is transforming traditional *OI* practices, enabling new modes of collaboration, and even posing the potential to replace some aspects of human-led innovation.

Open Innovation's Evolution in the AI Era

Introduced over two decades ago by Henry Chesbrough, *OI* challenged traditional R&D by promoting a porous model of knowledge

flows between internal teams and external partners. This approach tapped into a broader ecosystem, leveraging collaboration with customers, startups, universities, and competitors. Today, companies such as *ASML*, *Siemens*, and *Samsung* embody the spirit of *OI*, driving progress through strategic alliances, startup partnerships, and cross-industry collaborations.

However, as AI emerges as a powerful tool for augmenting *OI*, it's bringing about substantial changes that go beyond traditional *OI* frameworks. AI can enhance established practices, enable entirely new forms of collaboration, and, in some cases, even replace specific tasks traditionally carried out by human teams. Enhancement, enablement, and replacement are three domains where AI is redefining *OI*'s possibilities.

Enhancing Traditional Open Innovation

AI excels at processing vast amounts of data and extracting actionable insights, making it an ideal tool for traditional *OI* tasks like innovation searches and partner matching. For example, companies leverage AI for innovation searches to mine customer reviews, social media posts, and patents to uncover unmet needs and consumer trends. Companies can analyze vast datasets that traditional methods could only scratch the surface of, expanding both the precision and reach of idea discovery.

In idea evaluation, AI can rapidly simulate and test various solutions through digital twins and predictive analytics. This capability allows organizations to model potential outcomes of different ideas in a virtual environment, bypassing the need for costly physical prototypes and pilots. By significantly reducing the time and resources required for innovation, AI is transforming how companies navigate the traditional stages of *OI*.

Enabling New Forms of Collaboration

Beyond enhancing current practices, AI is opening doors to new forms of *OI* that were previously infeasible. One example is federated learning, where decentralized AI models are trained across different organizations without sharing raw data, allowing companies to collaborate while safeguarding proprietary information. This concept is particularly valuable in industries like healthcare, where data privacy is paramount.

AI-powered platforms are also paving the way for novel marketplaces for IP and technology. Imagine a company's AI system coded to seek licensing opportunities with other organizations while the partner's AI agent autonomously negotiates and accepts terms. Such a scenario points toward an AI-enabled marketplace where AI agents interact on behalf of companies to unlock and exchange value, creating new possibilities for open business models and intellectual property sharing.

Replacing Elements of Human-Led Innovation

The most disruptive potential of AI in *OI* lies in its ability to perform some *OI* tasks independently, replacing human effort in areas that traditionally required active collaboration. AI-driven ideation tools, for instance, can generate numerous design and product ideas autonomously, a task once dependent on brainstorming sessions and suggestion boxes. While these tools may not fully replace human creativity, they can supplement it, producing a pipeline of ideas for human innovators to refine and develop.

In the realm of customer insight, AI can autonomously analyze millions of customer

interactions and extract recurring themes, generating insights with limited human intervention. This automated approach to ideation can streamline innovation processes, particularly for companies seeking quick, data-driven insights into consumer needs.

However, these advancements also raise concerns. While optimists see this as an opportunity to democratize innovation, allowing more organizations and individuals to contribute to innovation processes, others worry that centralized AI systems might diminish the role of human creativity and reduce organizational autonomy in decision-making. These perspectives highlight an essential question: Will AI ultimately erode the collaborative ethos that *OI* champions?

The Future of Hybrid Models in Open Innovation

A promising vision for *OI* lies in hybrid models, which combine AI-driven processes with human-led insights. For instance, AI might handle the initial ideation and data analysis phases, after which human teams

contextualize and refine the AI-generated ideas. In this way, companies benefit from AI's efficiency and scale while preserving the creativity, intuition, and ethical judgment that only humans can offer.

These hybrid approaches might further democratize innovation by involving a wider array of participants, enabling those without technical expertise to contribute meaningfully to innovation processes. However, the challenge lies in creating governance structures and best practices that ensure human oversight in areas where AI lacks nuance, such as ethical considerations and long-term strategic alignment.

As AI continues to evolve, its impact on *OI* will only deepen. AI enhances and enables new forms of *OI* and challenges us to rethink collaboration models, potentially leading to the automation of some innovation tasks. Balancing AI's transformative potential with human creativity and strategic oversight will be critical for organizations aiming to harness *OI*'s full value.

▶ The Zebra Story: Transforming Innovation at Zurich Insurance



Joel Agard

Group Head of Innovation at Zurich Insurance Company



In recent years, *Zurich Insurance* has taken bold steps to modernize its approach to innovation. What began as a corporate accelerator evolved into an internationally anticipated competition and, ultimately, a venture client model that delivers measurable results and meaningful value.

Joel Agard, Head of Group Innovation, shares the transformation journey as they gained support from within and established

innovation as an essential part of *Zurich's* global strategy.

First Step: Awareness

Joel joined *Zurich* in 2017 and quickly realized it needed a shake-up. “Back then, insurance and innovation didn’t go hand in hand,” Joel explains. “Working with startups wasn’t part of our DNA.”

Driving this cultural shift was no easy task, as the company’s decentralized structure meant that business units didn’t have to collaborate with the headquarters on innovation initiatives. Joel needed to create something that would capture attention and generate excitement across the board.

In 2018, Joel came up with a solution. They launched the *Zurich Innovation Championship*, a competition that invited startups from around the world to join forces with *Zurich*’s country CEOs. Each CEO would team up with a startup to pitch a joint value proposition. This created internal peer pressure, with leaders wanting to stand out and showcase their country’s innovative solutions.

“We created a buzz,” Joel notes. “People wanted to be part of this cool new thing, and from 40 countries, only two opted out.” The championship was a crucial first step in generating “internal PR” that built enthusiasm about innovation across the company.

COVID hit just as they were planning the second edition of the competition. With all the transformation projects in danger of being pulled, luckily for Joel, the CEO made a call. “I remember he said, ‘We won’t stop; we will double down. What do you need?’ So we transformed it into a completely online event,” Joel explains.

By going ahead with the event despite all odds, they pulled it off and created an internal awareness that was incredibly powerful. Joel describes it as “a lucky punch” that created a wave of excitement across

the company. Despite being seen by some as “innovation theatre,” Joel explains that it was a critical starting point for creating a community that led them into a new era of collaboration.

Second Step: Collaboration and Delivery

By the third edition of the championships in 2022, they added an accelerator aspect to the mix. The goal was never to accelerate startups but to improve the process of identifying viable solutions for *Zurich*’s business needs, with a focus on one specific metric, which was “time to validation.”

This focus allowed them to reduce the time to move from identifying a business problem to confirming that a startup solution was desirable, feasible, and viable. In addition, Joel partnered with the internal digital teams to further streamline processes, ensuring faster validation times and greater alignment across departments.

Another pivotal move was to launch the *Entrepreneur in Residence* program as part of the fourth edition of the championships. This brought together top talent from across the globe to tackle innovation challenges. “We took 50 of the most talented individuals from countries like Brazil, India, and North America, sent them to an innovation boot camp in Switzerland, and tasked them with delivering innovation projects,” Joel shares.

The program also gained enthusiastic buy-in from the HR department by shifting the HR team’s perspective on innovation: “They really became a part of it. They could select the best individuals globally and have a purpose-driven innovation project they can lead.” It became a valuable tool for leadership development and global talent retention, offering unique growth opportunities and cross-functional collaboration.

Third Step: Quantifying Impact and Scalability

As economic conditions tightened, *Zurich's* innovation strategy pivoted. Joel describes how his team shifted focus towards initiatives with a more immediate business impact, streamlining projects to prioritize the bottom line. Projects are now required to have a clear business case, vetted with all decision-makers on board before entering the innovation pipeline.

“Quantifying our pipeline is non-negotiable. We need to be able to prove business value or risk losing support,” Joel emphasizes. Adopting a sales-like pipeline approach means projects are categorized by how close they are to being market-ready. This ensures that the innovation portfolio is balanced across core, adjacent, and transformational initiatives, with Joel's team able to adjust focus based on business needs.

This shift has strengthened the company's ability to manage high-stakes projects while ensuring each aligns with core business priorities. By focusing on scalability, the team now structures projects with the potential for multi-country deployment, ensuring every innovation effort can deliver maximum value.

One of Joel's core philosophies is starting with the problem, not the solution. He is wary of jumping on trends like generative AI (GenAI) without a clear purpose. “We often fall in love with a solution and try to find a problem for it,” he cautions, favoring a rigorous problem-definition process to guide project selection. His team's dedication to robust validation stages, particularly around feasibility and viability, serves as a crucial checkpoint. “At the end of the day, we're a service company built on trust. If there's a data breach linked to one of my projects, it's my responsibility,” he states, highlighting the importance of security and due diligence.

One of the most significant lessons Joel shares is the importance of scalability. “If I start something in Austria, I need to be able to scale it to Germany or Switzerland at least. It needs to make a real impact for us as a huge company,” he stresses. This focus on scalability has become central to *Zurich's* innovation efforts, ensuring that successful projects can be rolled out across multiple markets and generate significant value.

Zurich's venture client model has already proven successful, with Joel's team now handling up to 100 projects per year, a significant increase from the 20 to 30 projects they previously managed. This has allowed the company to explore a broader range of innovations while ensuring that the solutions they adopt solve real business problems.

The company's transformation into a venture client model is far from over. They are constantly refining their approach, learning from both successes and challenges. “We've had our fair share of scars—that's part of being in innovation—but you have to keep iterating and improving,” Joel shares.

As *Zurich* continues refining its approach, Joel emphasizes the need to balance innovation with business impact: “At the end of the day, you need to deliver business impact, whether improving the bottom line or driving strategic growth. Innovation for innovation's sake just doesn't cut it anymore.”

A Solid Foundation for the Future

Whether through peer pressure or structured programs, Joel's story shows that building a community around innovation helps sustain momentum and align efforts across a large organization. There is a need for innovation to be a strategy priority at all levels through a hybrid top-down and bottom-up

approach. *Zurich Insurance's* journey is a powerful example of how large corporations can transform innovation efforts to drive real, measurable results. With a focus on

collaboration, scalability, and business impact, *Zurich* is paving the way for a new era of innovation in the insurance industry.

▶ Bacardi's Disruptive Innovation Journey



Jesus Checa
Strategy and Innovation Director at Bacardi



After 160 years in business, *Bacardi* is still a family company, giving it a distinct edge in corporate innovation. Despite sticking to its roots, the brand has undergone a considerable transition from traditional innovation models to open innovation. Jesus Checa, *Bacardi's* Head of Disruptive Innovation, shares some important lessons learned along the way and how they continue their disruptive journey to long-term success.

A Long-Term View in a Family-Owned Business

As a family company, *Bacardi* takes a distinct approach to corporate innovation. Jesus explains, "It's a bit different being family-owned. We're not as worried about quarterly results, which allows us to take a long-term view of innovation. But it also creates challenges when it comes to creating a sense of urgency for disruptive change."

Bacardi has explored various approaches to innovation since it formed an innovation lab in 2020 to bring together team members from across the business to work on new ideas. However, they faced hurdles in scaling these projects into the core business. "When it came time to hand over the innovations to business units, they weren't aligned with short-term priorities," Jesus says.

Learning Lessons from Venture Building

After accepting failure from the lab, their first pivot was to create an internal incubator with a more structured venture-building program. Teams were deployed to work on new businesses internally, and early results were promising. However, Jesus acknowledges that "Building a venture takes time. We're talking seven to ten years for a unicorn, which requires patience and sustained investment".

Despite the potential of the venture builder model, it became increasingly difficult to compete for funding against more predictable, core business initiatives. "Why invest in ten high-risk ventures when you can put the same money into producing Brand X, and the bottles are sold before they even hit the shelves?" Jesus notes, illustrating the tension between disruptive innovation and business priorities.

He shares an essential learning about building capabilities from the top down. “We had the problem in the past where innovation was more bottom-up, people having ideas and then trying to scale them and drive the right attention. It was not the right thing to do,” he explains. Instead, everything should be linked to the company’s top decision-makers to ensure that money is injected, results are measured, and frameworks are put into place that can be leveraged in future stages.

The Shift to a More Flexible Model

In response to these challenges, the innovation team pivoted to venture clienting. Jesus shares they are starting to see success from this model after one year of operation. This shift to open innovation allowed the company to keep internal costs and headcount low. This means they stay flexible and can scale up or down as needed. “We’re leveraging external innovations, running quick pilots, and validating them. If it works, we adopt it. If not, we move on quickly.”

The essential advantage of this approach is speed. By working with startups with semi-ready solutions, “We don’t need to invest as much up-front, and we don’t carry the risk of failure on our own,” Jesus explains. However, there is a trade-off: “The downside is that you don’t own the IP unless you invest in the startup. It’s a balance we need to manage,” and that sometimes it makes more sense to invest than involve the innovation team.

Overcoming New Challenges of Open Innovation

Venture clienting comes with its own set of challenges, Jesus admits. One such example is demonstrating to leadership that their investment in innovation is worth it. It’s

important to manage leadership expectations and remind them that returns from disruptive innovation don’t happen overnight.

There is a need to repeat key messages to build alignment. “When you’re already tired of repeating the same thing, that’s when people start to get it,” he says. To keep stakeholders engaged, they focus on short-term projects that can deliver immediate results. “Quick wins help build credibility and show that collaboration with startups can generate tangible outcomes.”

Shifting the Perspective of Leadership

One of their goals of venture clienting is to expose their leaders to the external world of startups and venture capital. Many of them previously had no exposure to startups and, therefore, no idea how they work. “It’s about driving a mindset shift,” Jesus explains. By bringing executives into panels with entrepreneurs and having them mentor startups, the innovation team is driving a culture of openness to new ideas and ways of working.

Embracing Failure with Transparency

Another tricky area is dealing with failure and the importance of transparency. Their structured approach enables Jesus and his team to end low-potential pilots early. “If we’re not excited by a pilot’s success, it probably won’t scale. We try to kill things as soon as we can.” Being transparent with leadership about failures at all stages of development helps build trust and keeps resources focused on impactful initiatives.

Knowing When to Say No

Not every problem requires open innovation. “If you can solve the challenge through an existing vendor or partner, there’s no need to go down the disruptive path,” Jesus

shares, adding that they carefully distinguish between incremental innovations (which can often be handled within existing business units) and disruptive projects that require their venture clienting approach. Typically, the more uncertainty that comes with an idea, the more suitable it is for the innovation team to take on board.

When talking about horizons, Jesus admits, “It’s tricky to know exactly which point open innovation can really add value or when it’s too close or too tactical or too incremental.” There’s a ‘sweet spot’ and knowing where those boundaries are is up to trial and error.

Building Trust with Venture Partners

Large corporations can make mistakes when learning to partner with startups. Jesus and his team have made steps to overcome such blockers. Interestingly, it has been easy for *Bacardi* to get a foot in the door because of its well-known brand. “The problem isn’t attracting startups; it’s avoiding the feeling that you’re too big for them, that you might squeeze them.”

He gives the example of their standard 40-page work-for-services contract, which they had to simplify. “The moment they smell the red tape, it won’t work with startups.” He explains, “You need to come to the table with something super simple, pay them upfront for part of the work, and that’s tricky because you also need to disrupt your internal processes.”

One approach that Jesus outlines as critical to building great startup partnerships is prioritizing relationship-building. “It’s important to show up to events, talk to the main players, and ensure they understand how we talk and think.” By doing so, corporations build trust and confidence, sending the message that they believe in fruitful partnerships with startups.

Exploring New Ways to Solve Industry Problems

Bacardi is currently exploring the potential of cross-industry collaboration, recognizing that its competitors share many of the challenges they face, such as sustainability and supply chain optimization. “We’re asking ourselves, ‘Why are we trying to solve this problem alone? What if we partner with our competitors to address these industry-wide challenges?’” Jesus hints at a more collaborative future for *Bacardi* and the broader spirits industry. The hardest part, he notes, may be convincing leadership to work alongside their competitors.

As *Bacardi* continues refining its innovation approach, Jesus sees venture clienting as critical to the company’s future success. “We’ve learned a lot along the way, and we’re starting to see the value of this approach in a short amount of time. But we’re still early in the journey.”

▶ Challenging the Status Quo: A Peak Inside Maersk's CVC and Strategic Partnership Unit



Alex Smout
Investment Director at Maersk



When you think of *Maersk*, the image of towering containers on massive ships sailing across the globe likely comes to mind. However, their Corporate Venture Capital (CVC) and Strategic Partnership Unit are at the helm of a radical transformation to integrate innovation and sustainability into global operations, as Alex Smouth, Investment Director at *Maersk Growth* explains.

A Decentralized and Collaborative Approach

The operations of this shipping giant are far more complex than you might think. “We’ve got 700 ships floating on the ocean, which everyone knows us for. But actually, there’s a lot more than just ocean to *Maersk*,” he explains. The company handles logistics on land and air, runs warehouses, and manages the terminals their ships come into. Despite this diverse range of services, much of their innovation focus has remained on the ocean.

Alex explains how they recognized the need for decentralization to enable each business unit to work directly with startups to address their specific needs. Agility is essential as *Maersk* digitally transforms its supply chain and takes on the urgent task of decarbonization. The company’s future depends on its adaptability. “We’re not just there to make startups successful; we’re there to bring value to *Maersk*.”

Maersk’s approach to innovation is decentralized and collaborative, unlike many corporations with siloed innovation departments. “We see ourselves as the group

that enables the business units to work with startups,” Alex says. They collaborate deeply with different teams to identify fundamental business problems and find external partners, including startups, to help solve them.

By gathering briefs from business units, the CVC team ensures that each investment or partnership is directly aligned with pressing internal challenges, reducing the common disconnect between corporate innovation and core business needs.

The Strategic Partnership Unit acts as a service provider, helping business units navigate contracts, negotiations, and external engagement with startups. Alex emphasizes the importance of internal alignment in successful partnerships: “These things work best when you bring everyone along with you and when stakeholders throughout the business can really see the value.”

A Thesis-Driven Strategy

CVC is not only about financial returns but also about achieving strategic alignment. Their thesis-driven CVC strategy directs investments toward core objectives to digitize

the supply chain and reduce emissions. This approach allows *Maersk* to support a clear vision for the future of logistics and enables the company to engage with startups offering innovations that match its long-term priorities.

Their CVC journey began in 2017 when it ran accelerator programs in Silicon Valley to explore the potential of supply chain technology and gain buy-in from internal stakeholders. The strategy evolved over time, shifting from passive investment to an active role in shaping the future of logistics. Alex shares, “We want to create optionality for M&A activity or scale businesses across the organization.”

Maersk’s Net-Zero Target

One of their most ambitious goals is the decarbonization strategy. While the global shipping industry has set its sights on net-zero emissions by 2050, *Maersk* aims to get there by 2040. Alex notes the challenges this poses, and that “shipping is not a well-known industry, and it’s not a big target for decarbonization technologies. If you look at VC funding, less than 8% is going into decarbonizing ocean transport, even though the oceans account for 95% of our emissions.”

To address this gap, *Maersk* has invested heavily in low-carbon fuels, starting with methanol. The company has already built its first methanol-powered ship, with many more on the way. Yet, the path isn’t easy. “As an investor, *Maersk* can significantly contribute to advancing technological development in the relevant fuel segments,” Alex says.

Besides capital, *Maersk* creates value for startups as a future client, as one of the largest off-takers in green methanol, and through insights into the bunkering and

shipbuilding industry. These partnerships give startups the opportunity to scale their innovations and help *Maersk* secure early access to sustainable fuel sources essential for its net-zero goals.

“The technologies, like carbon capture and electrolysis, are growing, but they’re slow and capital intensive,” Alex notes. *Maersk* is at the forefront of helping these technologies gain traction by providing early demand and generating long-term partnerships, demonstrating the company’s commitment to sustainable solutions.

A Balanced Approach to Investing in Innovation

Only some investments the company makes will bring immediate returns, especially in the capital-intensive decarbonization space. However, the goal is a long-term impact. “What we’re looking for is a partner that will still be around in a year’s time, that we can continue to work with and grow with,” Alex says. Strategic partnerships and investments become so much more than just finding the next unicorn. *Maersk*’s approach is about building lasting, productive relationships that align with the company’s mission.

Instead of simply leading all investments themselves, *Maersk* adopts a flexible CVC model by sometimes partnering with other funds, allowing them to support innovation without taking on all the risk themselves. “We realized that what startups are looking for is a good partner to build their products with, and what we’re looking for is a partner that can help us advance our sustainability goals,” he shares. *Maersk*’s venture fund plays a crucial role, signaling support to other investors and helping build momentum for startups in the supply chain and decarbonization sectors.

Key Challenges and How Maersk Overcame Them

1. Market saturation in supply chain tech

- **Challenge:** Standout investments are difficult to identify in a market saturated with supply chain startups.
- **Solution:** *Maersk* shifted focus from purely financial investments to strategic partnerships, allowing for more flexible collaborations without full investment stakes.

2. Funding imbalance in maritime decarbonisation

- **Challenge:** Maritime decarbonization receives less than 8% of relevant venture funding, even though ocean transport produces 95% of emissions.
- **Solution:** By acting as both investor and primary off-taker in sustainable fuels like green methanol, *Maersk* attracts additional investment to the sector, increasing its visibility and viability.

3. High capital requirements for decarbonisation tech

- **Challenge:** Technologies such as carbon capture and green methanol production are costly and slow to scale.
- **Solution:** *Maersk* partners with other funds to share financial risk, strategically backing startups with long-term potential that aligns with its 2040 net-zero target.

4. Navigating internal alignment in a decentralised model

- **Challenge:** Decentralisation requires effective coordination across business units to ensure innovation efforts support core business needs.
- **Solution:** *Maersk's* CVC team takes briefs from business units, ensuring that investments directly address their needs, fostering better alignment and practical outcomes.

5. Expanding decarbonisation efforts beyond the ocean

- **Challenge:** Transitioning to sustainable practices across air, inland, and terminal logistics requires cross-industry collaboration.
- **Solution:** *Maersk* embraces an open innovation approach, partnering with other logistics and supply chain leaders where it's a fast follower, advancing sustainability goals collaboratively.

Looking Ahead & Expanding Scope

While *Maersk's* initial decarbonization focus was on ocean logistics, the company is now expanding its sustainability efforts inland and into the air. "We're looking at everything from air to terminals and even working with partners in industries where we're not necessarily the leader but a fast follower," Alex shares. This reflects their ambition to lead sustainable logistics on land and sea as they actively seek partnerships in areas where they aren't the market leader. *Maersk* views cross-industry collaboration as essential to achieving their goals.

As the shipping giant pushes forward, it's important to remain agile. Alex explains, "We've done about 24 active projects in the logistics and digitization space, and every single one of our decarbonization startups is working with us now". These partnerships are not just about advancing technology but about setting a shared agenda for a sustainable industry.

Maersk's innovation team plays an essential role in the company's transformation, and they are actively shaping its future. "It isn't just about innovation for innovation's sake. It's about ensuring *Maersk* stays at the forefront of global logistics and sustainability," Alex concludes.

▶ Supercharging Corporate Innovation with Venture Clienting



Christoph Sommer
Innovation Manager at NEW-Gruppe



Christoph Sommer is Head of the Innovation Unit at *NEW*, a leading utility company in Germany. He believes venture clienting is the key to unlocking rapid innovation without the heavy financial burdens typically associated with venture capital.

Christoph shares how and why the venture client model has become a game-changer in driving efficiency, speed, and competitiveness.

Redefining Corporate Innovation with Venture Clienting

Unlike venture capital or venture building, which involve equity stakes and long-term involvement in a startup's development, venture clienting is about creating strategic partnerships where the corporation becomes a customer of the startup, helping it scale by testing and deploying its solutions.

This model has been in play since 2016 when leading corporations like *BMW* were already experimenting. The venture client model enables large organizations to tap into the cutting-edge technologies being developed by startups, benefiting from external R&D without incurring the high costs traditionally associated with developing these innovations in-house.

Unlocking Speed and Efficiency in Innovation

One of the primary advantages of venture clienting is its speed and efficiency. Traditional corporate innovation cycles can

be painfully slow, with lengthy development phases that often result in wasted time and resources. In contrast, venture clienting is designed for rapid implementation. Christoph highlights that a key benefit of the model is that it allows corporations to move from identifying a problem to piloting a solution in as little as 6 to 12 weeks.

A perfect example of this is Christoph's own experience with a startup solution called *EmergencyEye*. The innovation unit's team identified a need for a platform to evaluate emergency calls more effectively, helping utility operators prioritize real-time responses. The startup behind *EmergencyEye* had already developed a patented solution, and within just six weeks—from needs assessment to pilot—the platform was up and running. This rapid transformation was only possible thanks to the streamlined approach of venture clienting, eliminating unnecessary bureaucracy and accelerating decision-making at every step.

"The key here is lean, focused problem-solving," Christoph says. "Startups are laser-focused on solving a single problem, while corporations juggle multiple initiatives. This focus allows startups to move quickly and solve challenges in ways that are often impossible for larger, more complex organizations."

Building an Effective Venture Client Process

The effectiveness of venture clienting hinges on a structured, streamlined process. The process includes five stages:

1. **Discover:** A detailed needs assessment, identifying specific pain points within the organization.
2. **Sourcing:** Scouting globally for startups with the solutions to address those needs.
3. **Assessment:** Once a shortlist of startups is selected, a deep technical assessment follows to ensure their solution fits perfectly.
4. **Procurement:** The steps taken to engage the chosen startup officially.
5. **Pilot:** The aim is to validate the technology's potential before full-scale deployment. Typical pilot phases last 3–4 months, allowing quick feedback and adjustments.

“The selection process is collaborative,” says Christoph. “We work closely with business unit leaders to ensure the startup’s solution is tailored to their specific requirements. This isn’t about showcasing shiny pitches; it’s about technical depth and understanding the problem at hand.”

Christoph explains that the process is largely push-oriented in the early stages of a venture client unit. The innovation unit proactively engages with business units, identifying their challenges and offering solutions. As the unit matures, the model shifts towards a more pull-orientated approach, where business units begin to seek out solutions on their own when specific needs arise. The goal is to balance Push and Pull, allowing for greater responsiveness and integration.

Getting standards and securing stakeholder buy-in are vital early tasks. Christoph stresses

the need to establish clear, standardized processes (e.g., legal agreements, NDAs, RFPs) to ensure smooth collaboration with startups. Getting internal stakeholders on board, including core departments like IT and legal, as well as workers’ councils, is essential to avoid delays and resistance.

Practical Insights for Scaling and Managing the Network

Building a solid startup network requires staying at the forefront of innovation. Christoph stresses the importance of being present where new technologies are showcased, such as at industry events, innovation hubs, and startup accelerators. This active engagement helps maintain a pulse on the latest breakthroughs and emerging players on the field. There’s a need for “people on the ground” who can establish direct relationships within local startup ecosystems to gain deeper insights into emerging solutions.

In addition, Christoph’s team uses a combination of scouting tools and databases to tap into a global network of over 20 million startups. “The network you build will ultimately determine your success,” he advises. “By leveraging a mix of scouting tools and strategic partnerships, you can continuously feed your innovation pipeline with fresh, viable solutions.”

Connecting with universities and venture capitalists is another way to gain practical insights. Universities often house early-stage innovations, and VCs provide access to already vetted and funded startups.

Prioritizing Projects Based on Business Impact

With the influx of startups and potential solutions, the challenge then becomes

prioritizing projects. Christoph explains that venture clienting allows organizations to focus on projects with the highest business impact—whether through cost savings, efficiency improvements, or revenue generation.

“Our approach is simple: we prioritize projects that deliver tangible business outcomes,” says Christoph. “If a pilot project promises significant savings—say, €900,000 a year—then it’s prioritized. It may be put in the backlog if it’s a small process improvement with limited financial impact.”

This focus on high-impact projects ensures that the venture client unit’s efforts are aligned with the corporation’s overall strategic goals, making every startup partnership count.

The Future of Venture Clienting

Christoph’s insights reveal the transformative potential for corporations looking to stay competitive in an innovation-driven world. As industries across the globe continue to evolve at a rapid pace, the need for corporations to work closely with startups will only grow. By embracing this model, companies can fast-track their innovation processes, access cutting-edge solutions, and ultimately position themselves for long-term success.

As Christoph concludes, “Venture clienting isn’t just about speeding up innovation; it’s about doing it in a way that’s lean, focused, and aligned with the business. This is how we stay competitive in the modern, fast-moving marketplace.”

▶ Balancing Focus and Flexibility in Corporate-Startup Collaboration



Vishnu Rajanikanth

Head of CampX Concept & Hub Lead Sweden at Volvo Group



Corporate giants collaborating with startups often seem like a clash of cultures: one defined by structured processes, the other by agility and innovation. Vishnu Rajanikanth from *CampX* by *Volvo Group* provided a deep dive into how the *Volvo Group* navigates this balance, shedding light on how a traditional industrial leader is reinventing its approach to stay ahead in a rapidly evolving market.

A Monumental Shift to Meet Ambitious Goals

The company’s long-term goals are ambitious: 100% fossil-free operations, 100% safety, and a 100% increase in productivity by 2030. Achieving these targets means switching to electric propulsion and reinventing every part of the business, from materials to

operations. Vishnu highlights the enormity of the challenge: “We’re selling 200,000 trucks a year, and electrifying that means we need software and skills we don’t even have in-house today.”

One of *Volvo’s* primary challenges is transitioning from traditional truck manufacturing to electrification. This

monumental shift requires expertise in software and skills that are not available within the current workforce. In addition to adapting technology, the focus extends to redefining industry terms like “safety” to include aspects such as autonomy and driver assistance, pushing the boundaries of what it means to be safe in the automotive sector.

Building a Toolbox for Collaboration

At *CampX*, the corporate innovation team has structured a “toolbox” to streamline collaboration between the business areas and external startups. This toolbox contains an inventory of problem statements and a network of dedicated product and business owners ready to engage with startups. “The goal,” Vishnu explains, “is to allow startups to work with *Volvo* in a mutually beneficial way, where they have access to our resources, and we gain insights and solutions to our core challenges.”

Legal and intellectual property considerations are also prioritized in this toolbox, acknowledging startups’ differing capacities and needs. *Volvo* has assembled a cross-functional team, including legal and IP experts, to expedite the due diligence process and simplify IP ownership discussions. This approach enables startups to collaborate without the heavy burden of navigating corporate-level IP negotiations. “IP is a big deal in an engineering-centric company like ours,” Vishnu notes, “and we want a system that’s fair and efficient.”

Seed, Speed, and Strategic Connections

In addition to providing startups with technical and operational resources, *Volvo* extends financial support via “seed and

speed funding” to prioritize collaborative projects. “We use almost all of our funding on projects prioritizing our needs,” Vishnu notes. Partnerships with state agencies further mitigate financial risk, allowing both *Volvo* and startups to leverage public funding in their joint efforts.

Through a corporate venture capital arm, they also strategically invest in startups, though the focus is less on volume and more on building networks. “Corporate venture capital isn’t about high volumes,” Vishnu clarifies. “It’s about fostering a network of investors and partners, creating value beyond just capital.” By nurturing this ecosystem, they gain access to a broader scouting network that enables the company to find and engage with the most promising startups.

Engaging Early-Stage Companies

Vishnu’s team has developed an incubator program for early-stage startups that may not be immediately ready for market. Based in Gothenburg, this initiative provides physical space, resources, and strategic support for startups to mature and align their products with *Volvo*’s needs. Vishnu points out, “Sometimes the most interesting companies don’t have a ready-to-test product. We engage them early through the incubator, even before they’re a perfect fit.”

The venture builder component complements the incubator by encouraging in-house innovation. *Volvo* has spun off internal projects as independent companies, creating market-ready solutions from within. By supporting early-stage startups and internal ventures alike, they build an ecosystem that nurtures innovation and aligns with its core mission.

Keeping the End Goal in Mind

Vishnu emphasizes a results-oriented approach to collaboration, with each proof-of-value project starting with predefined success criteria. “We never begin a project without clear success metrics agreed upon by both the startup and the product owner,” he explains. This ensures alignment from the outset, minimizing ambiguity and setting up the project for potential market launch if it proves successful. Additionally, the culture of continuous improvement is ingrained in operations. “The toolbox only improves when people use it and give feedback,” Vishnu states, underlining the importance of practical applications and iterative enhancements.

Ecosystem Collaboration and Ongoing Learning

Beyond internal resources, they actively engage with the broader ecosystem of startups, venture capital firms, and state actors. “The startups aren’t islands,” Vishnu reminds us. “There’s an entire ecosystem backing them, and we’re learning to leverage that ecosystem rather than doing all the heavy lifting ourselves.” By strategically navigating this landscape, *Volvo* enriches its innovation processes and cultivates a collaborative environment that drives meaningful progress. In collaboration with startups, *Volvo* is developing a sustainable, productive future that aligns with its transformative goals.

▶ Building Billion-Dollar Businesses: The LG Nova Approach



William Barkis

Head of Grand Challenges & Ecosystem Development at LG NOVA & Director, Technical Business Development at LG



William Barkis, Head of Grand Challenges and Ecosystem Development at *LG Nova*, delivers a compelling vision for innovation. Based in Silicon Valley, *LG Nova* operates as the North American Innovation Center for *LG*, tasked with an ambitious mission to create billion-dollar business units in transformative sectors.

William explains, “Our goal isn’t just to build businesses for today but to reimagine what *LG* can be tomorrow—through ventures that enhance the quality of life for people and the planet.”

Beyond Core Business: The Power of Ecosystem Collaboration

When William joined *LG Nova*, the mandate was clear: to create entirely new business

units for *LG* that go beyond the company’s traditional strengths in electronics. “We’re not talking about creating the next *Nexus TV* or HVAC unit—other innovation teams are handling that. Our goal is to build completely new ventures in areas like digital health, clean tech, and immersive technologies,” William explains.

LG Nova was set up as an ecosystem-driven innovation center focused on creating impactful ventures. “We believe in the idea of

making life better with technology, and our mission is to do that through partnerships, co-creation, and building ecosystems where we can thrive alongside startups,” William says.

A core part of the strategy is ecosystem collaboration. They don’t just work with startups but also with capital partners, universities, and other corporations. “Innovation doesn’t happen in a vacuum. We need to engage with an entire ecosystem to make these new ventures succeed,” William emphasizes. The innovation center runs programs like the Grand Challenge, a competition that brings together startups, investors, and industry experts to tackle big problems and create new solutions.

The Grand Challenge has proven to be a successful pipeline for identifying promising startups and new business ideas. In its first iteration, it received over 1,200 applications from startups eager to collaborate. “It was a huge response but also a learning process,” William admits. “Startups came to us thinking we could help them with displays, batteries, or energy storage, but we had to shift the narrative to focus on building new businesses that weren’t obvious.”

From Grand Challenge to Commercialization

The Grand Challenge eventually evolved into LG Nova’s Commercial Acceleration Program, which moves beyond generating ideas to launching new ventures. “We’re not just running competitions—we’re spinning out real businesses,” William explains. Once a startup has been selected through the Grand Challenge, the accelerator works closely with them to validate their concept, co-create solutions, and develop business plans. “We don’t want to just be another corporate VC. We want to co-create something new with these startups,” William says.

This focus on commercialization is vital to the mission. “Our goal is to launch one or two new ventures each year,” William shares. “And we’ve built the infrastructure to support that, from our venture fund, *Nova Prime*, to our *Capital Alliance*, which helps bring in external investors to co-invest in these startups.”

Creating Win-Win Partnerships

While the mission is to create billion-dollar businesses, the focus expands to building sustainable, impactful ventures. “We want to create win-win situations where both LG and our partners succeed,” William stresses. The innovation center’s partnerships with startups are designed to ensure that both parties benefit from the collaboration.

One notable example is LG Nova’s work in digital health, where they are developing technologies to move healthcare from institutional settings into the home. “It’s about creating lower-intensity care settings that empower patients,” William explains. “We’re building the future of healthcare, not just by supporting startups, but by actively co-developing solutions with them.”

Lessons in Patience and Long-Term Investment

Building billion-dollar businesses isn’t a quick process, and William acknowledges the challenge of managing expectations from leadership. “We’re three years into this journey, and while we haven’t launched a billion-dollar business yet, we’re making progress,” he says.

LG Nova was created by the company’s CSO (Chief Strategy Officer), who later became the global CEO, giving the team strong leadership backing from the start. However, there’s still pressure to deliver results. “We’re aligned with corporate goals, and there’s support for areas like AI, biotech, and clean tech—but we also

know that eventually, the leadership will want to see revenue,” William notes. To manage this, they work with external investors through its Capital Alliance to help fund the ventures and keep the pipeline moving.

Building a Sustainable Innovation Ecosystem

One of the keys to success is creating an innovation ecosystem that’s sustainable over the long term. The Mission Hub, a digital platform where ecosystem partners can share content and collaborate, has been instrumental in building this network.

Additionally, they host an annual Innovation Festival, where startups, investors, and entrepreneurs come together to share insights and showcase their ventures. “It’s like Apple’s Worldwide Developer Conference, but for entrepreneurs and founders,” William notes.

Through this ecosystem, *LG Nova* has attracted top-tier startups and partners from Silicon Valley and across the globe. “We’re looking for innovation everywhere,” William notes. “We’re sourcing startups from Europe, Asia, and beyond. We want to build something that has a global impact.”

▶ Innovating for Impact: Driving Startup Collaboration at P&G



Kevin McCarthy & Andrew Backs

Senior Director, Global Startup Innovation at Procter & Gamble |
Founder at Pilot44



The process of building a world-class innovation ecosystem is rooted in strong collaboration and partnerships. This is a topic Kevin McCarthy knows all too well as Senior Director of Global Startup Innovation at Procter & Gamble (P&G). P&G’s approach to corporate innovation is shaped by leveraging startup collaborations, internal networks, and strategic partnerships to tackle business challenges and create measurable value.

Connecting Global Innovation Efforts

At the core of *P&G’s* innovation strategy lies its dual approach to internal alignment and external partnerships. Internally, Kevin leads *P&G’s* Startup Center of Excellence, a decentralized model where innovation teams are embedded within business units, functions, and regions. This structure integrates innovation into daily operations, allowing teams to remain agile while staying deeply connected through a “hyperconnection”

system. These internal networks accelerate learning, enabling *P&G* to scale solutions effectively by leveraging global insights.

Externally, they engage with a global network of 40 experts who collaborate with over 325 venture firms, accelerators, and aggregators worldwide. This approach ensures access to a diverse pool of cutting-edge startups from Silicon Valley to emerging hubs like Singapore and Latin America. Kevin describes this strategy as “fishing in the ocean, not in a pond,” underscoring the

importance of sourcing solutions globally to remain competitive.

From Principles to Practice

Kevin emphasizes the importance of clear principles to ground innovation efforts.

Among *P&G's* foundational tenets:

- **Focus on strategic innovation:** Staying aligned with high-impact problems rather than pursuing “shiny objects” ensures initiatives address critical business challenges.
- **Phased approach vs. big bang:** By “running water through the pipes,” Kevin explains that they build momentum and can fine-tune processes before scaling successful pilots. This creates a virtuous cycle of refinement and support.
- **Clarity in objectives:** Kevin notes that innovation can be “messy but not fuzzy.” Clear goals and structured processes are essential to success, starting with a well-written brief.

Kevin also highlights the need for strong top-down leadership. A structural shift five years ago empowered category leaders to run their own innovation platforms, aligning innovation efforts directly with *P&G's* business priorities. This change has driven more focused external engagement and streamlined efforts across the company.

Scaling Success Through Agile Partnerships

P&G runs 50 to 100 paid pilots at any time, with roughly 30% successfully scaling to broader implementation. This iterative approach relies on clear KPIs to measure and communicate the value of innovation, turning activity into outcomes. Kevin underscores that scaling pilots requires choosing projects with the potential to deliver measurable, strategic impact.

In redefining collaboration models, *P&G* has embraced venture building, co-creation, and spin-ins. These approaches go beyond traditional “buy or partner” models, enabling startups and corporations to co-develop solutions that leverage each other's strengths. Kevin sees immense potential in this area, noting that *P&G* is continuously “innovating how it innovates” to stay at the forefront of industry trends.

Simplifying Processes to Accelerate Innovation

P&G has taken practical steps to overcome barriers to innovation, such as lengthy legal processes. By reducing proof-of-concept agreements from 20+ pages to 2.5 pages and partnering with startups like *Vouch* for insurance solutions, they have significantly reduced friction in collaborations. These measures enable faster testing, iteration, and scaling, ensuring innovation efforts stay aligned with business needs.

Building Resilience and Navigating Challenges

Kevin acknowledges common hurdles in corporate innovation, including internal silos and economic downturns. He stresses the importance of leadership buy-in to sustain innovation efforts during challenging times, noting that strong executive sponsorship and organizational alignment are crucial to resilience.

Cultural shifts have also played a role in *P&G's* success. The company has fostered a culture that accepts failure as part of the learning process while emphasizing the importance of capturing and acting on insights.

Tackling Systemic Challenges Through Collaboration

Kevin identifies coalition-building as a critical frontier for addressing global challenges like sustainability. He cites P&G's leadership in the Alliance to End Plastic Waste as an example of how diverse stakeholders—including competitors, academia, and thought leaders—can unite to solve systemic problems. Such coalitions exemplify the power of collective action in advancing meaningful innovation.

Kevin is optimistic about the potential for cross-industry partnerships to extend beyond altruistic goals and into core business challenges, allowing companies to collaborate on transformative solutions that drive shared success.

The Tip of the Spear

Kevin envisions a future where innovation groups act as the “tip of the spear,” driving

external engagement and scaling proven solutions faster. He sees opportunities in refining measurement systems to define and communicate the value of innovation more clearly, ensuring efforts continue to deliver outcomes aligned with strategic goals.

In addition, Kevin is excited about the growth of new collaboration models like co-creation and spin-ins, which combine corporate resources with startup agility to address high-impact opportunities.

His advice to leaders of both emerging and mature innovation is practical and forward-looking:

- Build strong internal networks and secure senior executive sponsors to sustain momentum.
- Stay focused on solving the “big hairy problems” that matter most.
- Innovate how you innovate—continuously refine processes, principles, and partnerships to remain agile and effective.

▶ Joining Forces to Drive Insurance Innovation Across Borders



Christoph Hunziker and Elena Hauptmann

Former Head of Innovation at Die Mobiliar | former Innovation Manager at Die Mobiliar



Corporate innovation is challenging enough within one organization, but what happens when multiple companies come together to collaborate across borders and cultures?

Christoph Hunziker, an innovation leader at *La Mobilière*, and Elena Hauptmann, an innovation manager within his team, share insights into how their Swiss insurance company is leveraging alliances like *EurapCo*

to supercharge innovation. Together, they explore how cooperation can scale impact, overcome shared challenges, and foster fresh perspectives in the traditionally cautious insurance industry.

The Power of Collaboration: A New Era of Innovation

At the heart of *La Mobilière's* approach is the belief that collaboration with external partners can unlock new opportunities for innovation that may not be possible within the confines of a single organization. "We realized that while we are a strong player in Switzerland, collaborating with other insurance companies across Europe can maximize our innovation potential," Elena explains.

La Mobilière is part of Eurapco, an alliance of eight European mutual insurance companies. These companies share common values, particularly in their focus on sustainability and social responsibility, and this alignment provides a strong foundation for collaboration. "We're not competitors," Christoph notes. "We all face similar challenges in our respective markets, but we're operating in different regions, which allows us to share ideas and solutions freely."

Eurapco Innovation Lab: An Extension of *La Mobilière's* Innovation Team

One of the standout examples of *La Mobilière's* collaborative innovation efforts is the Eurapco Innovation Lab. Established in 2019, the lab brings together innovation professionals from various Eurapco members to work on shared challenges, with each participating company contributing staff and resources. "The lab allows us to experiment, test new ideas, and even fail in a controlled environment. The beauty is that we pool our resources, and all of us can benefit from the results," Christoph explains.

Although it took a year to launch, the lab has since proven to be an invaluable asset. "We send one person to the lab, and we get back the brainpower of six people working

on shared challenges," Christoph said. The innovation lab's physical base was initially located in Stockholm, but the team has since transitioned to a hybrid model, allowing for remote collaboration across Europe.

Success Stories: Quick Wins and Long-Term Projects

The Eurapco Innovation Lab has already delivered tangible results. One notable example is a smart water alarm project initiated by Swedish insurer Länsförsäkringar, a fellow Eurapco member. The project involved testing devices to prevent water damage, a significant issue for insurance companies. The team identified a solution, which Länsförsäkringar has since rolled out to customers, leading to reduced claims related to water damage. "It's a perfect example of how collaboration leads to immediate, measurable success," Christoph notes.

The lab is also exploring long-term projects, such as agritech and digital asset insurance opportunities. "Our approach is to tackle both Horizon 1 projects and Horizon 2 and 3 projects that explore more speculative future opportunities," Christoph says.

Challenges of Collaborative Innovation

While the benefits of collaboration are clear, Christoph and Elena acknowledge the challenges of working across multiple organizations. "Coordination is the biggest hurdle," Christoph admits. "It took time to get everyone on the same page and to agree on the scope of the lab." There are also practical challenges, such as securing resources and maintaining momentum when team members work across different time zones and corporate structures.

One of the key lessons learned is the importance of quick wins. "In the beginning,

we focused on short-term projects that could deliver immediate results. This helped us build credibility and maintain engagement from all partners,” Christoph explains.

Looking Ahead: The Future of Insurance Innovation

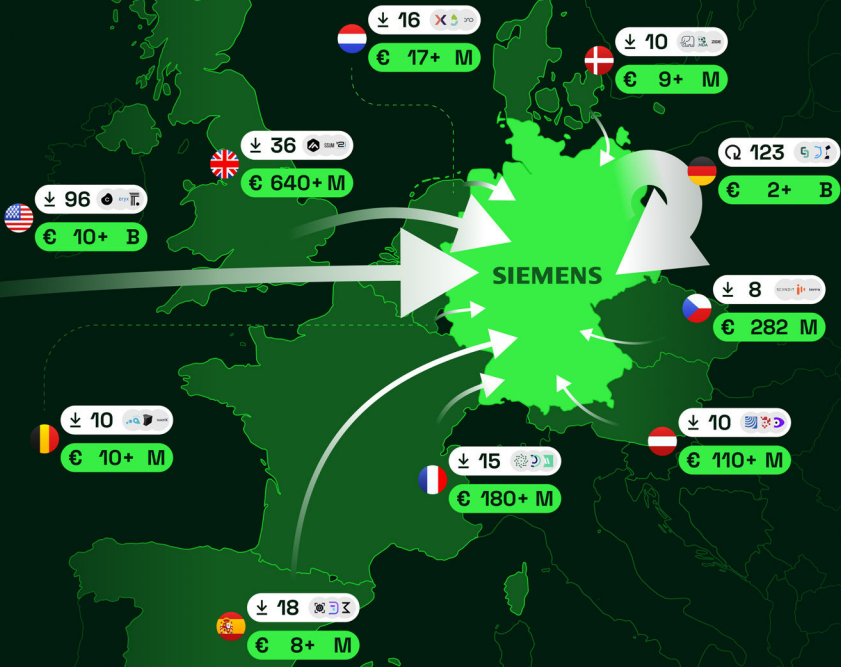
As the Eurapco Innovation Lab continues to grow, both Elena and Christoph are optimistic about its potential. The lab’s success has encouraged more Eurapco members to join,

and the team is now tackling larger, more complex challenges, such as climate change and healthcare innovation. “We’ve learned that by working together, we can solve problems faster and more effectively than we could on our own,” Elena shares.

Ultimately, *La Mobilière*’s approach to innovation demonstrates the power of collaboration. By joining forces with other companies, they are accelerating their own innovation and helping to shape the future of the insurance industry.

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Sustainability & Climate

▶ The Five Elements of Sustainable Innovations to Win Over Reluctant Consumers



Yann Wermuth & Beat Walther

Partner at Vendbridge | Founder & Managing Partner at Vendbridge



In today's market, where sustainability is no longer a fringe issue but an essential business consideration, companies are grappling with a perplexing challenge: how to sell sustainable products to customers who are not inherently sustainability-minded.

Yann Wermuth and Beat Walther, co-founders of *Vendbridge*, offer insights into this challenge.

From Niche to Necessity: Sustainability Goes Mainstream

Sustainability, once a niche concern, is now central to corporate strategies. Yann highlights the shift: "Twenty years ago, sustainability was fringe. Today, most companies publish sustainability reports and commit to ambitious net-zero targets."

However, despite corporate strides, consumer behavior lags. Yann cites recent studies revealing stark contrasts: while 90% of consumers claim willingness to pay a premium for sustainable products, only 7% consistently buy them. Yann and Beat call this the "Say-Do Gap" and assert that this is where corporates should focus their efforts.

The Five Elements to Bridge the "Say-Do Gap"

Yann introduces five key elements to making sustainable innovations appealing to all customers, even those less motivated by environmental concerns. Here's how companies can bridge the gap and boost adoption.

1. Start with a Sustainable Product Portfolio

It may sound obvious, but the foundation of any successful strategy lies in having genuinely sustainable products. Yann emphasizes, "The time of greenwashing is over, and that's not something we want to talk about. It's about creating truly sustainable products."

For companies, this means avoiding ideological debates (such as whether electric cars are genuinely more sustainable than gas-powered ones) and instead focusing on scientific facts. The goal is clear: to shift from a product portfolio where only a tiny percentage might be sustainable to one where a significant portion of products, ideally 100%, meet sustainability standards.

2. Understand Consumer Segmentation

Not all consumers are equally motivated by sustainability. Instead, they can be divided into four main segments:

- **Super-Sustainables:** These consumers are highly eco-conscious and go out of their way to seek sustainable products.

- **Relaxed:** This group is largely indifferent to sustainability, prioritizing convenience, price, and enjoyment over environmental concerns.
- **Conflicted:** These consumers want to be sustainable but face barriers such as cost, time, or family preferences that prevent them from consistently choosing sustainable options.
- **Anti-Sustainables:** A small but significant group that actively resists sustainability messaging, often rejecting it entirely.

In a recent survey amongst Swiss shoppers, *Vendbridge* found that around 50% of consumers fell into the Relaxed quadrant and around 30% in the Conflicted group. In contrast, Super-Sustainables and Anti-Sustainables each fit around 10% of shoppers. These findings highlight the importance of framing the benefits according to consumer profiles. “Not everyone has the same level of sustainability aspiration,” Yann explains. “But we must accept this and find ways to frame sustainability differently for each segment.”

3. Frame the Benefits to Match Consumer Values

Yann and Walther recommend different strategies for framing sustainability for each consumer segment. For the Super Sustainables, sustainability itself is a selling point. But for the Relaxed, the core benefit of the product—such as taste, convenience, or cost—should take precedence, with sustainability playing a secondary role.

For the Conflicted, it’s all about lowering the barriers. These consumers want to make sustainable choices, but price, convenience, or other factors get in the way. The strategy here is to “remove the barriers and use sustainability as reassurance,” Yann says.

In the case of the Anti-Sustainables, the key is to avoid sustainability messaging altogether. “There are products out there that are sustainable but are marketed without any reference to sustainability because that would actually turn these consumers away,” Walther adds. Walther shares some examples, one being the U.S. electric SUV market, where manufacturers focus entirely on power and performance, not on environmental benefits. Another is regarding *Planted*, an alternative meat product whose framing concerns it being “better than meat” rather than any sustainability messaging.

4. Create a Sales-Centric Value Proposition

Once companies understand the different consumer segments and their pain points, developing a value proposition that sells is next. Yann emphasizes the importance of creating a “sales-centric” value proposition that translates sustainability into a compelling narrative that resonates with the consumer’s needs.

The process starts with identifying the customer’s segment and the specific barriers they face. Then, companies should craft a marketing promise that speaks directly to those barriers and emphasize product features that support this promise. For example, if price is a barrier for the Conflicted, the promise might focus on how the product saves money over time while still being better for the environment.

As Yann puts it, “The goal is to bridge the gap between what people say they want and what they actually do by offering them a product that speaks to their immediate needs while also delivering on sustainability.”

5. Develop a Clear Growth Plan

The final element in the framework is a well-structured growth plan. Once the sustainable product is created and the value proposition crafted, companies need a strategy for rolling it out. This involves selecting which segments to focus on, framing the product appropriately for each group, and identifying the pain points and barriers that must be overcome.

Yann notes that this plan should include specific actions for each segment. For the Super Sustainables, the focus might be on pushing the product's sustainability benefits. For the Conflicted, companies can work to remove barriers, such as price or convenience while emphasizing additional benefits like health or long-term savings.

Balancing Consumer Needs for Long-Term Success

Yann and Beat acknowledge the tension between appealing to multiple segments under a unified brand and balancing diverse consumer needs. Beat suggests the option of segmentation and starting by offering specific product lines or partnering with sustainable service providers. He gives an example for the retail space: "One option could be to develop specialized product lines or shop-in-shop experiences to cater to specific segments while maintaining a cohesive overall brand."

Beat advised incremental changes paired with clear communication so that long-term transitions succeed. "Consumers need to see the tangible benefits—not just for the planet, but for themselves. Reframing sustainability as a health benefit or cost-saver can make a significant impact."

Closing the Say-Do Gap

Beat and Yann's approach provides a roadmap for companies seeking to close the gap between consumer intentions and actions. By understanding the different consumer segments, framing products to meet their needs, and creating a clear strategy for growth, businesses can boost the adoption of sustainable products—even among customers who aren't inherently motivated by sustainability.

"By addressing their real needs and removing the barriers that stand in their way, we can help consumers make sustainable choices that they feel good about—and that drive real change in the market," Yann notes.

This holistic approach empowers companies to move beyond simply offering sustainable products and instead focus on making sustainability the most compelling choice for all consumers.



A Design-Driven Innovation Path to Sustainable Business Models



Tommaso Corà & Lucilla Fazio

Head of Brand and Innovation at Tropic | Co-founder, Managing Partner and Head of Customer Experience at Tropic



In a world increasingly concerned with sustainability, businesses are exploring new ways to create value that transcends profit alone. A growing number of organizations are looking beyond traditional financial metrics, seeking innovative approaches that benefit not only their bottom lines but also people and the planet. This triple-bottom-line mindset—where economic, social, and environmental goals intersect—forms the backbone of a novel method called *Design-Driven Innovation (DDI)*.

DDI is a creative process that inspires organizations to rethink their business models from the ground up, combining human-centered design with sustainable impact. It empowers companies to develop sustainable business models and explore and align sustainable goals with a company's broader ecosystem, suggest Tommaso Corà and Lucilla Fazio.

Redefining Sustainability through the Triple Bottom Line

At the heart of *DDI* is the triple bottom line framework—an approach that measures business success across three dimensions: profit, people, and the planet. The financial aspect remains crucial, but *DDI* integrates this with the broader impact on society and the environment. Companies are encouraged to value the entire ecosystem they influence, including customers, employees, and natural resources. This holistic approach redefines “stakeholders” as encompassing both human communities and environmental elements, guiding businesses toward lasting and impactful contributions.

DDI's foundation rests on three essential principles: desirability, feasibility, and viability. Together, they form a lens through which companies can assess the value and potential impact of their innovations:

1. **Desirability** evaluates how well a solution aligns with societal needs, considering both customer appeal and environmental sustainability.
2. **Feasibility** focuses on technical aspects, examining whether a solution is realistically achievable within existing or emerging technologies.
3. **Viability** addresses economic sustainability, questioning if an innovation can thrive financially while remaining socially responsible.

Expanding on these lenses, the *Design-Driven Innovation Business Model Canvas (DDIBMC)* integrates environmental and societal considerations directly into the design process, offering companies a structured way to create more sustainable and resonant business models.

Introducing the Design-Driven Innovation Business Model Canvas (DDIBMC)

The *DDIBMC* was developed as a strategic tool to help businesses design sustainable business models that align with *DDI* principles. The canvas is divided into three main areas—planet, network, and prosperity—each encompassing specific blocks that support innovative, sustainable design.

Value Proposition: The Core of Sustainable Impact

At the heart of the canvas is the value proposition, which centers on creating meaningful and sustainable value for stakeholders. This element challenges companies to identify and communicate the unique impact of their offerings. For instance, *Levante*, a company that transforms waste into promotional products, uses its value proposition to connect with customers seeking eco-friendly alternatives, making sustainability an integral part of its brand identity.

The Planet: People, Ecosystem, and Relationships

In the *DDIBMC*, the *Planet* area emphasizes the need for businesses to consider environmental and societal impact. This section comprises three key components:

1. **Planet stakeholders:** Businesses are encouraged to consider the broader ecosystem as stakeholders, integrating social and environmental elements into their strategies.
2. **Planet relationships:** This block outlines the connections between the business and its environmental or social stakeholders, emphasizing the importance of transparency and collaborative engagement.

3. **Value network impact:** An evaluation of the environmental and social outcomes of a company's networks to better understand the broader influence of their activities, including waste reduction and resource conservation.

For *Levante*, this means turning waste into valuable products, collaborating with local partners, and reducing the environmental footprint of its supply chain.

The Network: Stakeholders, Partnerships, and Governance

The *Network* area of the *DDIBMC* focuses on stakeholders who directly contribute to the business model, whether as partners, providers, or employees. This section includes:

- **Network stakeholders:** Individuals or entities that either supply resources or contribute through services.
- **Governance:** Companies are encouraged to develop governance models that empower ethical and transparent interactions, ensuring that partnerships support sustainable goals.
- **Partnerships:** Strategic partnerships are essential in a *DDI*-driven model, as they can foster shared values and help achieve sustainability objectives through innovation and co-creation.

By prioritizing local partnerships, *Levante* reduces its carbon footprint and reinforces its commitment to regional economic and social well-being.

Prosperity: Strategic Objectives, Costs, and Benefits

The *Prosperity* area frames the financial and strategic ambitions of the business, aligning profit with sustainable practices. This section is composed of:

- **Strategic objectives:** These guide the business's long-term goals, ensuring they align with broader sustainability benchmarks, such as the United Nations' *Sustainable Development Goals (SDGs)*.
- **Costs and benefits:** This block encourages companies to balance costs with social and environmental benefits, defining KPIs that measure economic, social, and environmental outcomes.

Levante measures its success by examining factors like waste reduction, social impact, and revenue generated from sustainable product lines, balancing profitability with its environmental mission.

Transforming Business Models with the DDIBMC

The *DDIBMC* offers companies a dynamic

framework for exploring and developing sustainable BMs. Unlike traditional business model canvases, the *DDIBMC* integrates sustainability into each core area, providing a structured yet flexible way for companies to explore creative solutions. By assessing desirability, feasibility, and viability through a lens of environmental and societal impact, companies can identify innovative ways to meet the demands of a rapidly evolving marketplace.

In its early stages, the *DDIBMC* has shown promise in aligning business strategies with environmental goals, allowing companies to develop models that are not only profitable but also beneficial to people and the planet. The tool's flexibility enables businesses to adapt it to different sectors, fostering an inclusive conversation about sustainability and the future of business.

▶ Building Resilience with Strategic Foresight: Decarbonization Scenarios for 2030



Elvin Ibishli
Manager at Rohrbeck Heger by Creative Dock



Elvin Ibishli, foresight intelligence manager at *Creative Dock's* consulting arm, *Rohrbeck Heger*, delves into the critical role of foresight in shaping future-proof strategies for innovation. When navigating uncertainty, foresight is the cornerstone for developing strategies that innovators can utilize to anticipate and adapt to rapid changes in markets and environmental landscapes.

The “Three Ps” Model

To enable fast detection and exploration of new innovation opportunities, *Rohrbeck Heger* employs a foresight-driven innovation approach Elvin dubs the “Three Ps Model.” The Ps stand for:

1. **Perceive:** Detect change
2. **Prospect:** Understand change
3. **Probe:** Identify opportunities and build

“Foresight is about detecting change, understanding its implications, and acting decisively to seize opportunities,”

Elvin explains. This approach anchors foresight at the start of the innovation process, ensuring organizations can hedge their bets with a robust understanding of potential futures.

Rohrbeck Heger has performed a detailed foresight exercise on the urgent decarbonization challenge. They used the STEEP framework to map out likely scenarios year by year, projecting a possible trajectory over the upcoming decade until 2023. Elvin and his team identified 25 critical trends shaping the decarbonization landscape. These trends range from tighter regulations and radical activism to breakthroughs in technology and economic models.

Scenarios for 2030: The Resilience Surge

The “Resilience Surge” scenario takes center stage among the scenarios mapped. This future envisions a world grappling with high-severity climate impacts but equipped with highly effective and economically viable decarbonization solutions. Elvin highlights, “We believe this scenario is the most probable based on current trends and projections.”

This scenario explores a decade marked by technological breakthroughs and significant climate events. For instance, by 2023, global investments in solar energy outpaced oil, signaling a transformative shift in energy priorities. Brazil’s comprehensive plan to halt Amazon deforestation by 2030 exemplifies the scale of international commitment needed.

As the decade progresses, technological advances redefine possibilities. The innovation landscape continues to evolve from next-generation solar panels achieving unprecedented efficiencies to breakthroughs in carbon capture and algae-based biofuels.

By 2029, global initiatives like the *Ocean Cleanup Alliance* harness autonomous drones to combat marine pollution, reflecting a collaborative push toward sustainable ecosystems.

Implications for Businesses

The implications for organizations are profound. Elvin outlines four key impacts of the Resilience Surge scenario:

1. **Declining energy costs:** Green energy becomes more affordable and accessible, reshaping industry cost structures.
2. **Carbon as a strategic commodity:** The rise of carbon markets positions carbon management as a critical business focus.
3. **Strategic alliances:** The complexity of decarbonization demands partnerships and collaborative innovation across sectors.
4. **Innovation as a catalyst:** Radical solutions underpinned by breakthrough technologies become essential for addressing significant challenges.

Elvin underscores the need for “moonshot thinking” to tackle the climate ambition gap. “It’s about addressing big problems with radical solutions powered by cutting-edge technology,” he asserts. Drawing parallels with the evolution of offshore wind energy, he illustrates how incremental advances in turbine technology over decades accumulated in a transformative impact today. Moonshot thinking focuses on big problems, new solutions, and breakthrough tech that doesn’t exist yet.

Practical Insights from Moonshot Exercises

Organizations can formulate bold innovation visions and identify actionable opportunities by employing moonshot thinking. For instance:

- **AB InBev:** Envisioning packaging with a net-positive environmental impact through innovative reuse and upcycling strategies.
- **Amazon:** Encouraging sustainable consumer behavior by establishing rigorous product standards and enhancing supply chain efficiency.
- **Velux:** Decarbonizing products throughout their lifecycle, from manufacturing to recyclability, focusing on thermal regulation and standardization.

Each exercise reveals pathways to align business strategies with decarbonization

goals while fostering resilience in the face of uncertainty.

As 2030 looms, Elvin urges innovation leaders to integrate foresight into their strategic planning. “The climate ambition gap persists, but the acceleration of decarbonization technologies shows promising potential,” he notes. By embedding foresight into their processes, organizations can navigate challenges, leverage opportunities, and build resilience for an uncertain future.



Paul Batterham
Head of Innovation at Kainos



Wins in 2024

For Paul Batterham, 2024 was marked by the successful launch of the inaugural *Responsible Innovation Conference*. This significant milestone brought together leaders, academics, change-makers, and practitioners to discuss a crucial topic in today’s innovation landscape. “My big win for 2024 is launching the conference, focusing on an increasingly critical topic for innovators globally,” he says. The conference, which gathered 200 attendees, provided a platform for exploring the impact of innovation on the future. The idea for the event stemmed from a collaborative academic study involving *Responsible AI UK*, the *University of Nottingham*, and the *University of Oxford’s Responsible Technology Institute*. Despite initial resistance within the corporate sector to the frameworks promoted by the *Responsible Innovation (RI)* movement, Paul successfully built momentum for the conference, highlighting the intersection of commerciality, responsibility, and innovation.

Learnings and Challenges

The journey to organizing the *Responsible Innovation Conference* wasn’t without its challenges. One significant hurdle for Paul was overcoming internal corporate resistance to the subject matter. “It’s been a challenge as a corporate innovator to convince operationally-led folk that this subject is worthwhile spending time and money on,” he admits. However, through conversations with people across various sectors and industries, Paul found that the same concerns were being raised globally. The shared challenges led him to push forward with the idea of the conference, where participants could explore the meaning of “responsibility” in today’s innovation landscape. “The questions we encouraged the teams to ask resonated with the work we’ve been doing in sustainability and ethics, specifically sustainable and ethical AI,” Paul shares. By connecting the dots between ethics, sustainability, and innovation, Paul highlighted the importance of addressing responsibility within the innovation process.

Advice for Innovators

Paul's advice for other innovators is clear: persistence and dialogue are key. "Persist. Believe in the cause, and talk to as many people as possible. Ask them what their challenges are, and share yours," he advises. He emphasizes the importance of creating space for these vital conversations, even when it feels like you're ahead of the pack. "They will all be roughly the same, and you will find that there is a shared interest, a shared direction," he adds. By encouraging open dialogue, innovators can build a collective vision and move the conversation forward, creating solutions that address the shared challenges faced by businesses globally.

Plans for 2025

In 2025, Paul plans to further embed responsibility into the core of his innovation strategy. "Doubling down on responsibility is a critical factor in our delivery framework," he states. This includes ensuring that ethical, sustainable, and conscious checkpoints are integrated into how services are sold and provided. He sees responsibility as a guiding principle and a differentiator in the marketplace. "We cannot afford to ignore the unintended impacts of our work alongside the expected outcomes," Paul asserts. He is determined to ensure that his team's innovations leave a net positive legacy that will guide all future projects.

Outlook for Corporate Innovation in 2025

Paul predicts several essential shifts in the corporate innovation landscape as we move into 2025. Firstly, he believes "The pace of innovation driven by AI will begin to mature." As the technology moves beyond initial use cases focused on interfaces and summarisation, AI will integrate with other technologies like low-code tools, enabling more profound and transformative applications. Secondly, he foresees the emergence of "ambidextrous organizations," which will exploit existing capabilities in innovative ways to gain a competitive edge. "Innovation as a differentiator will become more commonplace in relatively conservative sectors," he says.

Furthermore, Paul anticipates an increasing focus on sustainability, particularly as the energy demands of AI computing come under greater scrutiny. Finally, the instability in geopolitics will likely lead to companies opting for safer, more predictable ideas rather than taking risks on untested innovations. "Geopolitical instability will continue to drive caution in corporate innovation," Paul concludes.

▶ Sustainability as a Competitive Advantage: How to Turn Green Initiatives into Growth Opportunities



Jeffrey Whitford

Vice President of Sustainability and Social Business Innovation,
Life Science at Merck



Sustainability is not just a passion project but a strategic advantage that can drive business growth and create a lasting impact.

Jeffrey Whitford, VP of Sustainability at Merck KGaA's *Life Science business*, shares his journey of transforming sustainability from a niche initiative into a central pillar of Merck's competitive edge.

Redefining Sustainability: From Risk Mitigation to Opportunity

For many companies, sustainability efforts start from a risk-based mindset focused on reducing negative impacts. However, Jeffrey's approach has always been more expansive. "I consistently saw the risk-based view, but it just wasn't compelling to me," he says. "How do we do 'less bad' wasn't the thing that got me going. Instead, I thought, there are so many interesting opportunities here."

Jeffrey's early vision for sustainability at Merck was to go beyond reducing harm and find ways to leverage sustainability for innovation. "I really believe that there are remarkable things that can be accomplished if we think differently and we start pulling new levers because there are so many challenges we face on a daily basis," he explains.

Over time, this mindset paid off, helping the company turn small successes into significant competitive advantages. "It's been a series of small wins, building on one another. Those

small wins led to more investment, which gave us the latitude to try new things and bring new ideas to life."

Early on, Jeffrey was given the freedom to experiment with sustainability initiatives, which is something he credits with the eventual success of the program. "I was kind of off in my little corner, doing my thing," he shares, due to sustainability being a relatively ignored niche topic at the time. "I don't know if it could happen the same way today, but being left alone allowed me to incubate ideas."

This autonomy led to some early, unexpected positive outcomes. "I started filling out sustainability ratings for different platforms," Jeffrey shares. "We ended up getting ranked between *Goldman Sachs* and *Apple*, which caught the attention of our CEO. That recognition was a lightbulb moment that showed how sustainability could be a real differentiator."

A vital factor to success is the 40-strong sustainability team that Jeffrey calls the "Island of Misfit Toys" due to their diverse expertise and professional backgrounds, from journalists to engineers. "You just get some wild mashups of perspectives that provide a really rich environment for what we bring

to the table and the ideas that we generate,” Jeffrey notes. The team’s attitude toward continuous learning is equally critical to their success. “It’s really all about having strong subject matter expertise or being willing to dig in and learn.”

Building a Framework: A Systematic Approach

Over time, the ad hoc wins weren’t enough. *Merck* realized they needed to make sustainability a core part of their operations, not just a series of isolated initiatives. “The guidance I was given was, ‘You have to make this systematic,’” Jeffrey recalls. “It can’t just be random projects, but you need a consistent approach across the business.”

This led to the development of a sustainability framework that touches every part of the product lifecycle, ranging from R&D and manufacturing to packaging and end-of-life disposal. “We’ve systematically integrated sustainability into the organization. For example, in R&D, we use a tool called Accolade to ensure that sustainability is considered at every stage gate of the process.”

Overcoming Challenges: The Brick Wall Mentality

Despite *Merck*’s progress, implementing sustainability at scale has not been without challenges. “This work is not easy,” Jeffrey admits. “We do a good job of making it look effortless, but it’s the opposite of that. I always tell my team, we have to be really good at running into the brick wall, sliding down, picking ourselves back up, and trying again.”

One of the biggest obstacles is resistance to change, especially in departments where processes are deeply ingrained. “You’re asking people to do things they’ve never

done before,” he says. “And guess what? We, as humans, hate change. But we’ve worked hard to create an environment of psychological safety, where people feel comfortable failing and learning as they go.”

Jeffrey emphasizes their approach of leading through influence and building mutual value that enables them to achieve sustainable goals across the business, including the supplier network. In describing the challenges of changing long-standing practices across the supply chain, Jeffrey talks about their role as “agitators.” “You have a lot of people who want to keep thinking the same way because they’re like, ‘this works.’” He sees these roadblocks in a positive way as “it creates a lot of opportunities to come up and find unique solutions that help us solve these problems.”

Packaging: The Front Door of Sustainability

One area where they have made significant strides is in packaging, which Jeffrey calls the ‘front door’ of sustainability. Although packaging accounts for only about 8% of *Merck*’s total footprint, it plays an outsized role in shaping customer perceptions. “It’s not the biggest component, but it holds a huge place in customers’ hearts and minds,” he says.

Jeffrey has mixed feelings about the angry tweets and emails received from customers demanding more sustainable packaging. “I hate getting them, but I love them too. It’s great to be able to go back to our operations team and show them that people are paying attention”. This direct customer feedback highlights the importance of listening when developing an innovation strategy.

Merck has launched several initiatives to make their packaging more sustainable, including a shift to fully recyclable coolers

and eliminating *Styrofoam*. However, packaging poses unique challenges, especially when maintaining sterility for sensitive products. “We can’t just replace plastic with fiber-based materials because sterility is critical for many of the products we sell,” he explains. “But these challenges also create opportunities for unique solutions.”

Sustainability: A Catalyst for Growth

One of the most important lessons Jeffrey has learned is that sustainability can drive business growth by creating efficiencies and opening up new markets. “We used to do debits and credits, looking at investments versus savings and sales,” he notes. “In the early days, those numbers were small. But when we did the exercise again last year, we found that sustainability initiatives had contributed hundreds of millions of Euros in savings and increased sales.”

Markets driven by sustainability are growing faster than traditional ones. “Instead of getting 3% growth on a large base, we’re seeing mid-teens growth in more sustainable product categories,” Jeffrey shares. “That’s something we’ve been able to showcase to our customers, helping them see the business case for sustainability.”

Many still view sustainability negatively as a trade-off, such as developing a new drug that will save lives versus reducing the CO₂ emissions of the manufacturing process. This is where Jeffrey’s perspective comes in. “I’m like, ‘Yeah, can have them both. We just have to do things a little bit differently.’”

The Dilemma: Justifying the Green Premium

Jeffrey addresses the challenge of the “green premium” and the inevitable conversations

they regularly have with customers regarding this higher cost associated with sustainable products. Rather than expecting customers to bear the premium, *Merck* builds demand to bring prices down gradually. “In certain cases, that premium is unavoidable,” he notes, “but as we create demand, we can eventually achieve price parity.”

Jeffrey’s team ensures that they walk customers through the pricing for key products so they understand why things are priced and that it will not be forever. This approach allows them to make sustainable products more accessible over time, showcasing that sustainability can be profitable and affordable.

The Role of Sustainability Multipliers

Merck’s sustainability efforts don’t stop at their own operations. Jeffrey sees the company as a “sustainability multiplier,” helping their 1.6 million customers and 30,000 suppliers adopt greener practices. “Our footprint is 1.7 million metric tons. If we can influence our customers and suppliers to reduce their footprints, the impact is exponential,” he says.

Rather than imposing strict demands, Jeffrey emphasizes the importance of a partnership mindset when collaborating with suppliers and supporting their transition to greener practices. “We enter that conversation with a mindset of partnership,” he explains, sharing *Merck*’s resources and roadmaps to help suppliers succeed.

Merck is committed to providing their customers with detailed data on the sustainability impact of doing business with them. “Everything we do, from changing packaging to improving energy efficiency, goes into a master calculation that shows our customers what their footprint looks like when

they choose us. We want them to see that working with us helps them achieve their own sustainability goals.”

The Road Ahead: Continuing the Journey

For Jeffrey and his team, the journey is far from over. “We’ve made a lot of progress, but there’s still so much to do,” he says. “We’re adding more team members and

expanding our efforts.” The next step for the sustainability team is to work closely with the drug discovery and clinical development teams to integrate sustainable practices there. Jeffrey has a positive outlook on the challenges ahead, noting that “we have to fundamentally upskill scientists so that they’re thinking differently.” Whatever the future holds, the goal remains: make sustainability a competitive advantage, not just for *Merck* but everyone they work with.

🎧 Innovation and Social Impact: the Future of Insurance



Danilo Raponi
Group Head of Innovation at Generali



Insurance isn’t always the most exciting topic, but behind the policies and claims is an industry with untapped potential to drive meaningful social impact. Danilo Raponi from *Generali Insurance* shares how insurance companies can transform from profit-driven entities to key players in creating a more sustainable and equitable future.

The Power of Insurance as a Safety Net

At its core, insurance is about protection, whether it’s homes, health, or livelihoods. Danilo explains, “Insurance was born to help individuals and companies during times of trouble. By pooling risks, it creates a safety net for people in times of crisis, minimizing the impact of even the biggest disasters.”

This community-focused principle dates back to the earliest days of insurance, and it’s one that has been somewhat lost over time as the industry has evolved into a profit-driven business. “Insurance fundamentally creates a community. Those who contribute provide the safety net for the case when they or others need help”. Danilo believes that insurance

companies can once again be a force for good if they re-embrace this mission.

For Danilo, it’s clear that the outdated mindset of focusing solely on shareholder profits needs to change. “It’s time to think more about the stakeholder model of capitalism,” he argues. “We have an ethical imperative to use our resources to drive social change and address global challenges.”

This shift isn’t just a moral obligation. It’s also smart business. As Danilo puts it, “Where are the customers of the future? They are where we don’t have them yet.” Companies can create a new customer base by tackling social issues and expanding insurance to underserved communities while doing good. “Addressing social issues benefits business,”

he explains, emphasizing that future growth lies in reaching new markets, including those who currently lack access to insurance.

A Dual Mandate: Profit and Social Good

The concept of a “dual mandate” is a crucial concept that insurance companies must balance to grow their business while being active social agents. By prioritizing social good, companies can build stronger customer relationships and attract a more loyal customer base, especially as younger generations demand more from the brands they choose.

“Customers today care about more than just the product. They care about the values behind the brand,” Danilo says. “Companies that prioritize social good will experience long-term benefits, including customer loyalty and a stronger brand reputation.”

Public scrutiny of the industry is rising, especially regarding climate change. Insurers face mounting pressure to stop underwriting carbon-heavy industries and adopt environmentally responsible practices.

Examples of protests, including those targeting *Lloyd's of London*, illustrate how the public increasingly holds insurance companies accountable. “There’s a growing demand for insurers to act responsibly and use their influence to create change. Addressing social and environmental issues is how insurance companies will stay relevant in the long term,” he emphasizes.

Innovation is essential to achieving this dual mandate, which combines profitability and social impact. It enables companies to make insurance more affordable and accessible

to underserved populations. Streamlining processes and integrating technology, like generative AI (GenAI) and real-time data, can simplify complex insurance products and lower costs.

Danilo says, “Insurance products today are expensive and complex. However, by using technology to simplify and streamline, we can create more efficient and affordable products that are accessible to a wider range of customers.” This is particularly important for underserved populations, where even small innovations can make a huge difference.

Generali's work with migrant insurance in Germany is a good example. With the influx of refugees and migrants, the company developed financial inclusion tools tailored to their needs, such as deposit guarantees for housing. “We’re experimenting with solutions that provide targeted financial assistance for migrants, offering them the same access to financial products as other European citizens but with a much more streamlined process,” Danilo shares.

Collaboration and Collective Action

Danilo calls for collective action across industries. “Every company has a role to play in creating positive change. We need to collaborate, innovate, and never lose sight of the fact that business growth and social good are intertwined.”

For insurance companies, they are leveraging their vast resources, data, and global reach to make a real difference. Danilo concludes, “The future of insurance is about more than just financial protection. It’s about being a force for social good.”

▶ Building Bridges for Climate Neutrality: The Climate Lab Initiative



Peter Schließberger

Team Lead Innovation & Grants at Wien Energi



Innovation ecosystems like *Climate Lab* have emerged as essential platforms for fostering collaboration across industries in the race to achieve climate neutrality. Peter Schließberger draws from over a decade in the energy sector and his role within Vienna's most prominent energy service provider.

A Hub for Climate Innovation

The Climate Lab, launched in 2022, is more than a concept—it's a tangible space. Nestled near Vienna's iconic waste incineration plant, the lab offers over 1,000 square meters dedicated to workshops, coworking, and events. As Peter highlights, "*The Climate Lab* is a community of practice, gathering all necessary actors to achieve climate neutrality and innovation." From startups and corporates to government bodies and civil society, the lab brings together over 30 companies and 6,000 visitors to collaborate and drive real-world impact.

Key to its success are structured programs, such as the Startup Challenge, which has attracted over 100 applications, leading to 11 completed projects within its first year. The lab's partnerships span global giants like *Siemens Energy* and local leaders such as Austria's largest real estate companies, cementing its role as a nexus for innovation.

Peter emphasizes the importance of robust governance and a clear framework for collaboration. The lab adopts the Double Diamond process, guiding projects from ideation to proof of concept (PoC) over six to nine months. "The result is a validated PoC document," Peter explains, "outlining market

potential, business models, and the resources needed for implementation."

One standout project Peter shares involved exploring green hydrogen's viability for construction sites and events. Partnering with supply chain actors and public transport operators, the lab identified significant potential to replace diesel generators with hydrogen batteries, paving the way for pilot initiatives at Europe's largest outdoor festivals.

The People Factor: Beyond Processes

While frameworks provide structure, Peter underscores the irreplaceable value of the right people. "You can have the best process in place, but without the right mindset and capacities, it doesn't work," he asserts. Building commitment from business units is critical. Projects must align with strategic goals and deliver tangible value through additional resources, streamlined processes, or clear outcomes.

Equally important is securing credible commitments from top management and partners. "What we want goes beyond PR activities," Peter stresses. Partners must bring resources and a genuine willingness to

contribute to climate action, ensuring efforts translate into measurable impact.

Measuring Success: KPIs and Tangible Impact

The lab's mission is clear: reduce CO₂ emissions while building a vibrant innovation community. Success is measured through various KPIs, including the growth of its partner network, the number of completed PoCs, and community satisfaction. As Peter puts it, "We track everything from media mentions to net promoter scores, ensuring transparency and accountability."

Ultimately, the lab's most significant metric is its impact on emissions. With a growing portfolio of projects and collaborations, it exemplifies how structured ecosystems can tackle global challenges at scale.

Insights for Innovators

Peter offers practical advice to companies considering similar initiatives. Focus on relevance—invite stakeholders to events tailored to their industries. Build processes that are transparent and scalable. Most importantly, ensure projects contribute directly to business and sustainability goals, fostering long-term commitment from all involved.

As Peter concludes, "Climate neutrality is a collective challenge. By uniting the right people, processes, and resources, we can create solutions that drive real change." *The Climate Lab* demonstrates what's possible when innovation meets collaboration. For corporate innovation professionals, it's a compelling model for tackling the most pressing challenges of our time.

Innovation Culture & Capabilities

▶ Risk or Opportunity? Promoting Innovation in Your Organization



Felix Hofmann

Author of 'REFRAME—Die Psychologie der Innovation'



Imagine this: you're on a game show, standing in front of three doors. Behind one of the doors is a prize, behind the other two, goats. You select a door. The host then opens one of the remaining doors to reveal a goat, then offers you a choice. Do you want to stick with your original choice, or switch doors? Which option gives you a greater advantage of winning?

This is the *Monty Hall* problem, made famous by the American TV show *Let's Make A Deal*. Based on probability, you're more likely to win the prize if you switch doors. But most people actually prefer to stick with their original choice.

For Felix Hofmann, author of *REFRAME: The Psychology of Innovation*, this highlights a fundamental aspect of human psychology, which is really important when working in innovation. He explains why increasing courage and risk-taking in large organizations is key to promoting innovation.

Inaction or Action? The Game Show vs the Penalty Kick

In general, humans prefer to avoid risk. This is no news for corporate innovators, whose work inevitably involves the challenge of introducing change and risk to organizations.

But Felix Hofmann identifies another aspect of human psychology that impacts how we behave around risk. This is how we feel when we actively do something, and lose, compared to when we do nothing, and lose. Let's take as an example the way goalkeepers tend to behave in penalty kicks.

Studies have found that the best strategy for goalkeepers during penalties is to stay in the center of the goal, as it enables them to make a save 39% of the time. In reality, however, goalkeepers rarely take this option, instead they overwhelmingly choosing to jump left or right where their chance of making the save is just 13%.

Why take an action that drastically reduces your chance of success?

What the *Penalty Kick* scenario and the *Monty Hall* problem demonstrate is the greater psychological cost of failure we feel through action, compared to inaction.

In the game show, people prefer to stick with their original choice because if they changed their minds and switched away from the door with the prize, they would regret it more than if they had stayed put. In this case, inaction is the norm.

In the penalty shootout, on the other hand, action is the norm. The goalkeeper decides to jump as far as they can to the left or right, so everyone can see they put all their effort into blocking the shot. This action is psychologically preferable to the goalkeeper even if they end up going the wrong way

instead of staying put in the center. They'd rather take the wrong action, than risk looking stupid by doing nothing.

These examples demonstrate that when making decisions, people don't pick the option that maximizes their chances of success. Instead, they choose the things they expect to regret the least. This is an incredibly important element of human psychology to navigate when undertaking innovation.

Reframing Risk to Change the Norm

In organizations, the core business is the norm. Most people work within the core business, it's the main source of profits and where the majority of operations lie.

Pursuing innovation is to take action to explore the new and unknown. It is therefore perceived as a risk. If this risk becomes too high, then managers tend to revert to the norm of the core business, to inaction. Then innovation becomes impossible.

Most managers would rather stick to an old line of business than developing something new. This is just normal human thinking, and it applies even if the old line of business is set to become irrelevant in the near future.

It's therefore a huge challenge and an existential risk for organizations to deal with.

To overcome this we need to reframe the problem. This means changing the perspective on innovation, from something that feels like a game show scenario in most companies, where people don't want to take action, to something that feels more like the penalty kick situation, where action is the norm.

From Gain-Framing to Loss-Framing

Given that we're more motivated to avoid pain or loss than we are to seek gains, it can be helpful to talk about innovation in terms of the cost of not doing it (loss-framing), rather than the potential benefits at stake (gain-framing).

To harness this framing effect for innovation, Felix recommends using loss-framing to highlight the cost of inaction through a funeral speech exercise. In this activity, leadership must craft a eulogy to their organization after it has gone bankrupt.

Gather a group of key business leaders and decision-makers together. Set the scene of 10 years from now where the business has gone bankrupt. Ask them to imagine why. What happened that they failed to deal with? What problems could have arisen with their current business model, what challenges did they face from competitors, what new technologies emerged?

When telling the story of their business's imagined journey to bankruptcy, leaders almost always identify a lack of innovation as a contributing factor. This exercise therefore uses loss-framing to position innovation as crucial to an organization's survival, rather than something that could potentially bring them a few optional benefits.

This kind of thinking can really help to change the way leadership perceives risk around innovation, helping them understand why it's so important.

Leading Cultural Change for More Impactful Innovation

To make innovation the norm within an organization, it must be seen as everyone's responsibility. This can be tricky when innovation activities are siloed to specialist innovation labs or departments, as it encourages people in other areas of the business to think it's not relevant to their role, their work, or even the success of the company.

In order to change the culture around innovation it's important to change this mindset. Felix recommends training people in all areas of the business in concepts such as reframing, empathy, courage, and long term thinking. This will help everyone to be more courageous in the way they relate to risk,

and ultimately make the whole organization more innovative.

He also recommends that organizations find suitable ways of incentivizing innovation that encourage people to take risks on potentially game-changing projects.

"Innovation needs to be incentivized way more. People in the *iPod* team got huge amounts of shares, for example, because they knew that if they failed, they would lose their job. But if they succeeded, they'd be rich. This is the kind of culture and motivation you need for innovation, but it's not there in most established European companies. This is why there's the tendency to do the whole innovation theater thing, you can't lose much. But you also can't win much either."

▶ How to Hatch a Thriving Culture of Innovation



Leo Chan

Chief Innovation Igniter & Coach at Abound Innovation Inc.



Creating a culture of innovation within an organization is a concerted effort to design an environment where every team member feels empowered to contribute creatively. Leo Chan explains that "It takes strategy, discipline, and intentionality" to build an innovation culture. His approach is grounded in eight critical building blocks, each designed to equip organizations to thrive amidst disruption.

1. Structure: Centralized, Decentralized, or Hybrid?

A thriving innovation culture begins with a structural choice that aligns with organizational goals. Leo explains the pros and cons of three models: centralized, decentralized, and a hybrid approach. In a centralized model, a specific group is tasked

solely with innovation. While focused, it can limit broader organizational involvement.

On the other hand, the decentralized model empowers everyone to innovate, creating a more pervasive culture. Leo highlights the hybrid model as the "best of both worlds," allowing specialized focus while distributing the spirit of innovation across

teams. “Think about your structure,” Leo advises. “The hybrid model infuses innovation throughout the organization without losing accountability.”

2. People: The Real Innovation Drivers

“The greatest asset for innovation is people,” says Leo, underscoring the importance of empowering staff closest to the organization’s challenges. Effective innovation champions take on various roles—from dedicated teams and fabricators to innovation coaches who support creativity part-time.

These groups, Leo explains, are pivotal because they enable others to transform ideas into reality. “It’s essential to nurture these roles to ensure innovation isn’t just an isolated function but an integral part of everyone’s work.”

3. Mindset: Emphasizing Safety, Curiosity, and Boldness

Leo points out that having the right mindset is often more valuable than specific skills. “If I had to choose between mindset and skill set, I’d pick mindset every time,” he asserts. The critical mindsets he promotes include psychological safety, a beginner’s mindset, and boldness.

Psychological safety, in particular, is crucial as it’s the foundation upon which people feel free to share unrefined ideas without fear of criticism. “Without safe spaces, ideas never truly flourish,” Leo explains. Encouraging a beginner’s mindset helps employees approach problems with curiosity rather than assumptions, while boldness motivates them to take creative risks.

4. Taxonomy: Defining a Common Language

Creating a shared language within an organization is more important than you might think. “Does everyone understand innovation in the same way? You might say, ‘Oh yeah, we all agree,’ but in our minds, we may have something completely different,” Leo notes. Ensuring everyone understands vital concepts in the same way eliminates misunderstandings and aligns efforts.

Leo advocates for the creation of an “innovation dictionary” that includes pivotal words such as “success,” “innovation,” “creativity,” “failure,” “breakthrough,” and “test” tailored to the organization’s context. This dictionary should be shared and revisited regularly to embed it into the company’s culture and ensure relevance as innovation practices evolve.

5. Process: The Steps to Realize Innovation

An innovation culture requires a structured process to bring ideas to life. Leo advocates a framework that encompasses diagnosing problems, dreaming up solutions, prototyping, testing, and ultimately implementing. “The process shouldn’t be rigid but should serve as a guide,” he notes, recommending an adaptable approach that allows teams to iterate as needed.

Leo’s experience shows that clarity in the process reduces hesitation and leads to greater experimentation. “Employees need a way to move their ideas forward, and this framework does just that,” he says.

6. Programming: Regular Engagement to Build Culture

Innovation programming—whether weekly workshops or monthly events—keeps the culture of innovation alive and accessible. Leo describes his time running innovation labs and the profound impact of consistent programming. “Frequent engagement shapes mindsets and skills,” he observes, adding that such programs serve as touchpoints for teams to learn and collaborate. Beyond technical skills, these events can reinforce the mindsets necessary for innovation, making creativity and experimentation a regular part of the organization’s rhythm.

7. Communication: Energizing and Informing Through Storytelling

Communication is perhaps one of the most underestimated aspects of innovation culture. Leo believes building excitement and maintaining awareness of innovation initiatives require deliberate communication. “It builds energy and invites participation,” he notes, sharing an example from his time at *Chick-fil-A*, where visual screens displayed updates on innovation events. Storytelling about successful projects also plays a crucial role in helping employees understand how innovation positively impacts their work and the organization at large.

8. Space: Designing an Environment for Creativity

Leo believes that the physical or virtual space can significantly impact innovation culture. His redesign of *Chick-fil-A*’s innovation lab “Hatch” demonstrates how intentional space design can inspire creativity and collaboration. From vibrant brainstorming rooms to flexible, movable seating areas, he aimed to create a “place where people

wanted to be.” Leo suggests using digital tools like virtual whiteboards for companies without physical innovation spaces to enable remote brainstorming and collaboration.

Tips for Successfully Building an Innovation Culture

Leo shared several actionable tips to create and sustain a thriving culture of innovation across an organization:

- **Measure impact effectively:** Track both hard metrics like project outcomes and softer metrics such as engagement, job satisfaction, and retention to demonstrate the value of innovation initiatives.
- **Hire the right people:** When staffing an innovation department, look for candidates with a collaborative mindset, a history of challenging the status quo, strong relationship-building skills, and a passion for learning. These qualities drive innovation and inspire teams.
- **Leverage asynchronous tools:** Offer flexible ways to participate, such as recordings of live events or digital platforms for idea-sharing, to accommodate diverse schedules and maximize engagement.
- **Create inclusive spaces:** Design physical or virtual environments that inspire creativity and collaboration. Spaces should encourage participation from all employees, regardless of their location or role.
- **Start with grassroots engagement:** Begin small and build momentum by fostering word-of-mouth interest, holding informal sessions, and cultivating enthusiastic early adopters who can champion innovation across the organization.
- **Offer consistent programming:** Regular workshops, brainstorming sessions, and skill-building events help reinforce innovation as a key organizational rhythm.

- **Celebrate success and learn from failure:**

Recognize and reward innovative efforts while framing failures as opportunities for growth and learning. This encourages risk-taking and continuous improvement.

Leo emphasizes the need for continuous focus: “How will you make an innovation culture happen—and how will you keep it going?” His insights remind us that building a thriving culture of innovation is an ongoing

journey that requires both strategic planning and a commitment to nurturing innovators at every level.

“When you empower people to think differently, it influences the bottom line,” Leo says. By implementing these eight building blocks, innovators can create a robust foundation for sustained, impactful innovation.

Innovation-Led Transformation: Unleashing the Power of Middle Managers



Cris Beswick

C-suite Strategic Advisor on Innovation-led Growth & Co-founder of OUTCOME



Recent research by *Bain & Company* indicates that only 12% of large companies successfully meet or exceed expectations with their transformation efforts. One reason for this gap in results is a narrow focus on either top-down or bottom-up transformation models. Senior leaders set ambitious agendas, but their directives often lose momentum in the complex realities of everyday operations. Frontline teams are focused on execution without the more expansive view needed for long-term, lasting change.

Middle managers, uniquely positioned between these layers, have both cross-functional visibility and operational insight, making them indispensable change agents of transformation, argues Cris Beswick. They bridge strategy and execution, offering a “middle-out” perspective that can harmonize high-level ambitions with on-the-ground practicality.

Empowering Innovation Champions in the Middle

Forward-thinking companies are deliberately empowering middle managers as dedicated

“change champions.” These individuals are carefully selected for their leadership qualities, subject matter expertise, and innovative mindsets. Designated as “Initiative Leads” or “Initiative Liaisons,” they are given the autonomy, resources, and cross-functional teams needed to drive impactful change initiatives.

By allowing these managers to focus solely on transformational efforts, organizations enable them to diagnose systemic issues and develop solutions that align with strategic goals. This setup generates practical solutions and nurtures a pipeline of leaders

with hands-on experience in navigating complex, organization-wide challenges.

Bridging Strategy and Execution

In transformation, gaps often arise between strategic foresight and operational execution. There must be more than top-down or bottom-up models to synthesize these perspectives effectively. Middle managers bring the necessary balance, ensuring that ideas are ambitious and implementable. Positioned to cross-pollinate ideas across departments, they can sequence initiatives logically, preventing the misalignment that often hinders transformation efforts.

These managers can spot and correct redundancies and silos, aligning efforts in ways that reduce wasteful energy and encourage cohesive action. Their understanding of organizational goals and daily operations allows them to mitigate potential disconnects, harmonizing

the change process from conception to implementation.

Cultivating a Culture of Innovation

For transformation to be truly sustainable, organizations must instill a culture where innovation thrives at every level. While senior leadership can articulate a vision, middle managers translate this vision into a lived reality across the organization. They foster an innovation-centric ethos that permeates teams and functions by modeling a growth mindset, embracing experimentation, and encouraging calculated risk.

Middle managers are instrumental in making innovation an ongoing journey. When empowered as champions of transformation, they continuously nurture ideation, experimentation, and reinvention, embedding this cycle into the organization's fabric. The result? A workplace that values and supports constant evolution, ensuring competitive advantage in an ever-changing market.



Patrick Miles
Senior Project Lead at Chick-fil-A



Wins in 2024

Looking back on 2024, Patrick is most proud of two significant initiatives that align with *Chick-fil-A's* core value of "We pursue what's next." The first initiative was successfully launching and hosting a new signature event called the "Pursue What's Next Summit," which served as an internal innovation conference for staff. Paul shares, "This allowed staff to engage with keynote speakers and breakouts centered on the focus of our theme 'looking to the horizons' with courage and curiosity." With over 900 participants, the event featured internal and external speakers who shared valuable insights and practical applications of innovation principles. Patrick and his team received tremendously positive feedback from staff. He notes, "The summit was effective at helping both individual staff and teams develop more understanding of innovation principles while providing applicable methodologies to implement in their work."

The second initiative Patrick is proud of is the “Innovation Practitioner Certification Course,” a new internal development program designed to build credibility around and adoption of internal innovation processes. “It allows cohorts of staff to gain deep knowledge and hands-on practice in putting into action the steps of our enterprise innovation process,” he says. Patrick is thrilled that the course has empowered staff to adopt innovation-driven business strategies and engage more effectively in the company’s innovation efforts.

Learnings and Challenges

Reflecting on the summit, Patrick acknowledges the challenge of providing all staff access to external innovation events, given that only a tiny fraction could attend external conferences. Hosting an event internally offered some advantages. “We intentionally scheduled keynotes and breakout workshops for various times throughout the day,” Patrick says, ensuring that more staff could participate while still being able to attend to their regular work responsibilities. They also diversified the speakers and the scope of topics to address the audience’s different levels of knowledge and seniority, from entry-level staff unfamiliar with innovation to strategic leaders with experience. “We learned early on in our planning that it was essential to include several fun and engaging activities to foster connection between participants,” he shares.

For the training course, Patrick partnered with the internal learning and development department to host the course on existing platforms, ensuring easy access for participants. The course was structured around cohorts to foster collaboration and unite diverse perspectives. Patrick notes that they made it a hybrid course with a mix of in-person, virtual, and on-demand activities. This provides flexibility while still enabling group collaboration. A cohort-based project was also introduced to allow participants to apply what they had learned in practical scenarios.

Advice for Innovators

For anyone looking to host their own internal innovation conference, Patrick advises focusing on content that speaks to a wide range of roles, business areas, and levels of innovation knowledge. He believes offering engaging, interactive activities to create connections between participants and encourage collaboration across departments is essential. This helps ensure the event isn’t just a passive experience but one that actively promotes engagement.

Regarding the course, Patrick recommends incorporating more full-day, in-person collaboration sessions. “Although it might be additional time for participants to step away from their daily duties, our participants all felt they needed more time to invest in processing their learning and practicing the methodologies collectively,” he shares. While the hybrid format offered flexibility, participants expressed needing more dedicated time to practice. Patrick also suggests providing more exposure to leadership, which would allow participants to showcase their knowledge and apply it to real business challenges.

Plans for 2025

Looking ahead to 2025, Patrick plans to host the Pursue What's Next Summit every other year. This will allow the company to focus on other core values in the interim while also building interest and momentum for future events. He also plans to supplement the summit with additional speakers throughout the year and provide take-home templates to make it easier for staff to apply the frameworks introduced during the event.

Patrick envisions expanding the in-person format for the Innovation Practitioner Certification Course. "We are exploring opportunities to allow course participants to take their learning and apply it to a focused project scope to address an area within their existing work area." He believes this will help bridge the gap between theoretical knowledge and practical application.

Outlook for Corporate Innovation in 2025

"Culture will remain the most important driver in any organization's ability to create new value," believes Patrick. However, he anticipates a shift in 2025 as AI adoption stabilizes and human insights become more crucial to innovation. Patrick foresees a generational push for more community-based, non-technology engagements to increase the demand for human-centered innovation. "The dust will settle on the adoption and implementation of AI within innovation practices, and the need for human insight will once again rise to the forefront," he predicts.

Additionally, organizations will adopt a hybrid approach, blending decentralized capabilities with more centralized "skunkworks" experimentation, leading to more high-risk, high-reward projects. Lastly, Patrick expects increased collaboration between corporate and public entities, particularly in tackling large-scale global challenges, which he believes will be crucial for future innovation.

▶ The Key Elements of Building a Thriving Innovative Culture



Vidya Spandana

Former Global GM, Advanced Innovation at Nike



Vidya Spandana offers a refreshing perspective on what truly drives a culture of innovation. As the former Head of Global Innovation at Nike, Vidya shares her deep-rooted understanding of balancing ambition with operational realities to build a thriving and impactful innovation culture.

Redefining Innovation Beyond the Hype

Nike's brand is synonymous with innovation in consumer minds, but Vidya reveals a different reality beneath the surface. "Innovation extends far beyond the external branding—it's about addressing internal fears and misconceptions, particularly in areas like digital innovation," she explains.

While physical product innovation has long been part of *Nike's* DNA, newer areas like digital transformation often face internal skepticism. Vidya highlights that genuine innovation requires relentless advocacy to prove its value and counterbalance the perception that the company is "already innovative enough."

Hiring for a New Team Culture

Initially, *Nike's* innovation lab was composed of existing employees with limited innovation experience. To address this, Vidya explains, "One of the first things we had to do is rebuild our labs from scratch." This involved hiring talent aligned with the innovation culture they aimed to create.

They adopted a targeted hiring process, collaborating with psychologists and behavioral therapists who specialized in working with entrepreneurs. Together, they developed criteria to identify key traits, such as an ability to thrive in uncertainty and an eagerness to drive change. Vidya adds, "Another critical criterion was this spirit of generosity. Can they work with partners, share insights, and provide value upfront?"

The criteria were designed to identify project leaders, the "entrepreneurs in residence." However, not all team members fit these traits perfectly, which led to diverse perspectives. Vidya believes all types of employees have a role to play as long as they are committed

to success. She even values the "naysayers," who bring a critical voice to highlight potential weaknesses. "We want them to point that out to us so that our VPs, business partners, and customers don't point those holes out for us."

The Crucial Role of Culture in Empowering Innovation

Vidya underscores that a strong, supportive culture is essential for innovation to thrive. "Psychological safety is crucial for innovation teams. They need a space to voice ideas, even if they sound radical or impractical initially," she asserts. At *Nike*, they addressed this by building small, cross-functional teams with members from departments like legal, HR, and finance, thereby integrating diverse perspectives from the outset.

This approach allowed these teams to work alongside each other while giving every member a sense of ownership over the initiative. "Bringing in other departments early on eliminated the need to 'sell' ideas later. They were already part of the process," she adds.

Another successful initiative empowering employees is that of "culture captains." Vidya explains, "We found people within the teams who were naturally inclined to bring the group together and make everything more fun." These individuals were given a small budget to organize events and activities promoting relationship-building and community among colleagues.

The key to the success of culture captains was that they worked with their peers to design these initiatives rather than having leadership impose them. This approach helped to create an inclusive and vibrant culture that encouraged team bonding and creativity.

Creating the Right Incentives

Vidya is adamant about the power of non-financial incentives in motivating teams to innovate. “It’s not always about bonuses. Sometimes, it’s as simple as giving people space and freedom to test ideas without intense scrutiny,” she notes. For instance, *Nike* instituted “Winter Hours,” allowing employees to dedicate Friday afternoons to passion projects that fostered creativity without rigid constraints. Vidya also emphasizes the value of “airtime”—giving team members visibility with senior leaders, which motivates them and enhances their professional growth.

Another essential aspect of fostering an innovation culture is giving employees the space to share their ideas early in the process, even if not all of them will be pursued. Vidya says, “One of the strongest incentives is to give people the ability to try something, even in a little way, with a little bit of governance and leadership support.”

She emphasizes that the initial stages don’t require large investments or major programs but simply the opportunity for individuals to present their ideas and feel supported. This encourages a wide range of potential ideas without the pressure of immediate success, which leads to more innovative solutions in the long term.

In large organizations, innovation can get tangled in bureaucratic hurdles. Vidya believes in balancing collaboration and ownership by forming “small but mighty” teams with a clear leader. “It’s about empowering each team member to represent the project proudly across the organization,” she says. This structure encourages autonomy while maintaining alignment with broader corporate goals.

Some of the greatest challenges to innovation are deeply cultural. “The term ‘innovation’ itself can provoke resistance, with other departments viewing it as a privilege rather than a necessity,” Vidya explains. Another recurring obstacle is timing. Projects often lose momentum not because they lack merit but because they don’t align with the organization’s immediate priorities. To counter this, Vidya and her team implemented what they call the “parking lot.”

The Parking Lot Approach

The “Parking Lot” is a practice for shelving projects until the organization is ready to revisit them. Vidya describes this as a way to ensure ideas don’t get forgotten. She explains, “For every project that got shelved, we would have this sunsetting ritual where we would take a physical wooden box with the project’s name on it, and we would move it to another part of the wall.” This keeps ideas visible, reminding the team they are still valued, even if not actively pursued.

She also emphasizes the importance of maintaining the knowledge behind these projects: “We don’t remove it off the portfolio. We keep a list of all those projects we think could still be relevant.” To ensure the learning isn’t lost, team members regularly synthesize their learnings, creating a “golden repository” of insights that can be revisited when needed, ensuring continuous tracking.

This meticulous record-keeping serves another purpose by allowing innovators to address similar ideas in the future, helping to avoid repeating past mistakes and ensuring more informed decision-making. Vidya explains that they never “graveyard” ideas because circumstances might change, and the knowledge gained from previously paused projects can improve understanding, ultimately educating teams and offering fresh perspectives when the time is right.

Building a Future-Focused Environment

In addressing the challenge of staying forward-thinking amidst daily demands, Vidya advocates for regular off-site and governance meetings to reevaluate project alignment with long-term goals periodically. “These sessions allow us to take a step back and ensure our projects still align with *Nike’s* future direction,” she explains. She also highlights the importance of an external perspective, often inviting venture capitalists to these

meetings to assess projects objectively and keep teams accountable.

Nike’s brand power often bolsters its innovative culture, yet Vidya cautions that branding can create unrealistic expectations. “Sometimes, branding makes innovation seem glamorous, but true innovation often deals with existential risks to the business,” she warns. It’s important to frame innovation not as a flashy endeavor but as a strategic necessity for long-term resilience and growth.

▶ Making Innovation Everyone’s Priority



Vlora Muslimi

Senior Manager, iD8 Program and Colleague Innovation at TD Bank



Can you make innovation everyone’s priority? It’s an admirable goal, since if all employees are invested in finding ways to do things better there’s a far higher chance of new ideas and initiatives being successful. This is the belief of Vlora Muslimi, Senior Manager at *TD Bank Group*, who’s responsible for the organization’s iD8 program—a formalized way of fostering innovation across all areas of the bank. So how does this work?

The Origins of the iD8 Program

The bank’s *iD8* program was established in 2019 as a way of bringing every employee—from those interacting with customers in branch all the way through to supporting functions like HR—along on the innovation journey.

For Vlora, this approach is fundamental to the bank’s vision of who they are as an organization. “Our vision is to be the better bank, that’s what we strive for,” she says. “And from a cultural perspective, it’s really about the people. They are our greatest asset, and

we understand that the more we provide them with the right opportunities, the more we leverage their strengths and their talent, the better they’re going to show up.”

Vlora explains, “This means they’ll be the best version of themselves at work, but it’s also about how they are going to show up for our customers and how they’re going to serve them. That has been the differentiator for the bank for many years, and it continues to be our differentiator going forward.”

The desire to get people from all over the bank involved in the program also says two

specific things about how the organization views innovation.

“We don’t see innovation as one team’s role or the remit of a specialized group of folks, we see it as something that needs to happen across the bank. We also think of innovation in ways where it could be anywhere from small changes that can essentially optimize a process to anything that is new to the bank or even new to the industry,” Vlora says.

Running an Enterprise-Wide Innovation Program

With over 95,000 people working at the bank, *iD8* has a lot of employees to engage, and prospective ideas to manage. So, how do Vlora and her team tackle the challenge?

“We serve as a center of excellence to essentially provide best practices, reporting, and rewards and recognition for the program. We provide a framework in terms of how it can operate, and then every single line of business has adopted it to work for them. As you can imagine, finance has different criteria in place to, say, human resources or retail banking, so while we provide a high level view, a platform, and guidelines in terms of how to engage with colleagues, each business area then makes the program their own,” she adds.

The presence of an open ideation forum within *iD8* enables employees to submit any innovation idea as it occurs to them. But there’s also a more structured, top-down approach in place which enables business leaders to set challenges in key problem areas.

“If for example an executive sponsor in a line of the business has a problem or opportunity that they want solving, they can put that as a problem statement to their colleagues, to their employees, who can then work on coming up with a solution,” she says. “This

model works quite well for a number of different reasons. One is because it brings the most important opportunities that are relevant and that are in the minds of our leaders forward, so that we can all think about solving them.”

Vlora continues, “It also creates this culture of collaboration. As you can imagine, when you’ve got a common problem that you want to solve for, people start talking together, and they start making it their own. That is really what I’d like to call the secret sauce of collaboration paired with the right opportunities. It really brings optimal solutions.”

Supporting the Business as The Center of Excellence

As a center of excellence for innovation, Vlora’s team views itself as being in service to the rest of the organization, working in partnership to help everybody make the *iD8* program, and innovation as a whole, a success.

“We support the business in terms of the innovation platform itself and how it operates. We might help set up some challenges for them, if that’s something they’re newer to, and we can provide some thoughts on how to get started, if they’re thinking of a new idea,” she shares.

“We’ll also provide some sort of a roadmap to say, here’s how we see things progressing and here are the key success metrics, so they can adopt that within their context. These are the kinds of things we put forward for various teams to leverage when they partner with us.”

Along with providing a framework, the remit of Vlora’s *iD8* team also includes a strong focus on fostering communication and collaboration between different business areas. “It’s our job to bring people together,

building relationships across the bank, and conducting cross-pollination around the business to share best practices around what's working and what's not working."

"So, for example, if we see that a particular business is running a challenge successfully, we will look at how they set it up, and things like the timing and the logistics around it. We will then take those best practices and invite them to an open forum where they can speak to the leaders of the other lines of businesses in terms of, 'here's what worked, and here's the lesson that we learned,'" Vlora explains.

Without the centralized team, the various businesses would inevitably end up following more siloed approaches, which would limit them to exploring ideas and methodologies they're already familiar with.

Vlora believes, "It's our job to bring the businesses together and on a regular basis, and we do so for a number of different purposes. This could be for sharing best practices, as I've said. It could be for training purposes. It could be for learning something new, or finding out about what's happening in the external ecosystem. There are lots of different reasons why we bring people together to collaborate."

The *Center of Excellence* also delivers the reward and recognition program for innovation at *TD*, ensuring everyone is incentivized to be creative and to find better ways of doing things. "This is something our team takes a lot of pride in. It also creates a level of consistency and a level playing field for everyone across the bank, as people know they will be recognized in a way that resonates with them," Vlora notes.

One of the things that *TD* does as an organization is to have a recognition event once a year. This is where they recognize the top colleagues across the bank that have

anywhere between 10 and 30+ implemented ideas. It also brings together the leaders, and the implementers who make those ideas come to life, showcasing their talent, their contributions and the impact that's made to the bank.

"This event is something that everybody looks forward to, and for people who are newer to the program, it gives them something to aim for, to attend in the future," she shares.

Empowering Colleagues, Driving Innovation

TD's approach to innovation is very much grounded in solving problems. Vlora terms this "*Challenge-Driven Innovation*", as it takes the most highly prioritized opportunities or problems that the business wants to solve, and creates an ecosystem for people to engage with, think about, and ultimately come up with solutions for these problems.

This guarantees a range of different perspectives on a problem, and a range of different possible solutions. It also enables the bank to address smaller scale, everyday initiatives, as well as bigger ideas and more transformative solutions.

"There are numerous examples within the organization of processes that over time, have become less efficient. Let's say, something that requires five steps to get done, but which could potentially be done within three steps through optimization or automation." Vlora explains that they encourage colleagues to put these things forward, so that the improvements can serve them, but also because the impact is going to have a downstream effect as well.

"Although optimizing processes doesn't sound as exciting as some of the larger innovations, we do see this as continuously sharpening our lens in terms of how we

operate, how we best show up for our colleagues and for our customers as well.”

iD8 also enables *TD* to pursue bigger, blue-sky innovation ideas such as exploring

new technologies. However, the basis of its approach in colleague engagement means that everyone is empowered to provide a solution to a problem that they see.

▶ The Future of R&D in a Brave New AI Era



Catherine Roy
Design Centers Network Leader at Thales



As the world faces rapid advancements in AI and an ever-growing array of technologies, organizations must rethink how they approach R&D. Catherine Roy is a strategic designer and foresight expert at the aerospace, defense, and cybersecurity giant *Thales*. Catherine shares insights into how her team leverages foresight, venture units, and soft power to navigate the unpredictable future of innovation and prepare for the challenges of a brave new AI era.

A Time for Inclusive Futures

Catherine nods to the visionary artist David Bowie: “The future happens, and you can hear it coming.” This message encapsulates the need for organizations to listen to the subtle signals of change to prepare for future disruptions. Staying ahead of the curve is especially critical in industries like aerospace and defense, where innovation cycles can last decades.

“We’re seeing a shift with AI and robotics,” Catherine explains, noting the dramatic increase in startups and intellectual property filings in the past four years. “In defense, collaborative AI is part of the strategy now, and we need to be prepared for that.”

The defense industry is traditionally risk-averse and focused on long-term projects. It is increasingly contending with shorter innovation cycles and a growing reliance

on dual-use technologies that serve both military and commercial purposes. But with new opportunities come new challenges, including the struggle to attract tech talent to industries that younger generations often see as ‘boring’ or outdated.

Breaking Away from Linear Thinking

One of the significant challenges in defense and aerospace is overcoming linear thinking, the tendency to predict the future based on existing patterns. “We have a really hard time trying to predict the future, which is unpredictable, but we love certainty,” she says, highlighting the tension between the industry’s desire for predictability and the rapidly evolving technological landscape.

Catherine’s team has integrated foresight into their R&D processes to address this. “We monitor extremely weak signals of change that

are often overlooked and bring stakeholders into the conversation,” she notes.

These small, unconventional indicators point to emerging trends. Such signals are often found in unexpected or seemingly unreliable sources precisely because they have yet to gain mainstream acceptance. By focusing on cues such as graffiti, grassroots protests, and other unconventional cultural expressions, the team aims to identify early-stage patterns that suggest potential shifts.

The goal is to detect these signals long before they become widely recognized. Doing so allows you to break away from the status quo and develop innovative solutions that anticipate and seize emerging opportunities.

Building Soft Power through Collaboration

Incorporating foresight into R&D is about future-proofing technology and building soft power. By bringing external stakeholders, such as startups, government agencies, and academia, into the conversation, *Thales* can influence the direction of innovation without relying solely on its internal capabilities.

“Soft power is about getting people to think about the problem with us,” Catherine says. “When they think about it, they realize they need to change their strategy, and once they change their strategy, it means we have to change ours.”

Catherine shares two examples of how they have successfully used foresight and soft power to drive innovation. The first project focused on ESG innovation in ocean exploration. They assembled a global team of innovators to conduct foresight exercises, which resulted in three business opportunities. They then leveraged Canada’s Ocean Supercluster, a co-innovation platform, to secure funding for these projects.

Catherine acknowledges that not all projects succeed smoothly. Despite securing funding for the ocean exploration project, the initiative was delayed when internal stakeholders asked for an RFP that didn’t exist. “This is a story from the trenches. We won the RFI, but the idea dropped because we were stuck in a ‘used future’ and a mindset that’s no longer relevant.”

In a second project, they worked with 16 experts from fields as diverse as urban planning, economics, and real estate to explore the social acceptability of dense air mobility, such as air taxis. “If you ask people in aerospace, they say, ‘This is great! We need air taxis,’ but no, you really don’t,” Catherine explains. The foresight exercise led to 51 implications for the industry and 62 criteria for success, shifting the conversation from purely technical solutions to ESG-driven innovation.

The project also attracted interest from government agencies, leading to the development of new criteria for financing air mobility projects. This soft power approach allowed *Thales* to influence the entire supply chain, changing not just its own strategy but the strategies of its partners as well.

Day One Mentality

Catherine finds it helpful to think about the future of innovation using the Jeff Bezos concept of **Day One** and **Day Two** companies. “Day Two is a company that scales, becomes irrelevant, then dies,” she says. “We strive to be a Day One company that is always adaptable, always competitive, and always looking for what’s new and shaking.” By embracing uncertainty and preparing for multiple plausible futures, *Thales* ensures that its innovations are relevant today and will continue to shape the industry for years to come.

▶ Transforming Innovation in a Legacy Giant: Saint-Gobain's Journey to Sustainability and Agility



Dominique Labilloy

VP Innovation Development at Saint-Gobain



Saint-Gobain is a 350-year-old global leader in construction and high-performance materials, a legacy company now embracing ambitious transformations. They face unique challenges in adapting their longstanding practices. Dominique Labilloy, their Innovation Development Director, shares insights into this journey toward building sustainable, customer-centric innovation at scale.

The Twin Pillars of Transformation

Forty percent of global CO₂ emissions are linked to construction. This is a stark reminder of the stakes *Saint-Gobain* faces. “Our vision is clear,” says Dominique, “We aim to be the world leader in light and sustainable construction.” *Saint-Gobain*'s efforts are not just words. They have already achieved remarkable milestones, such as developing the world's first low-carbon glass and a zero-CO₂ gypsum plant, setting new industry standards.

These achievements are part of a broader strategy, with two interconnected transformation programs: ‘Transform and Grow’ and ‘Grow and Impact’. The former reorganized the company to align more closely with local markets, while the latter shifted focus towards sustainability, innovation, and high-growth sectors. According to Dominique, this dual transformation is about keeping pace with the market and leading it.

One of the most striking aspects of the transformation is its cultural overhaul. Dominique emphasizes the need for a shift in mindset: “We were engineers and manufacturers focused on products. Now, it's about customer-centric solutions.” The innovation team plays a pivotal role in driving this change. Their mission? To act as trusted business partners who coach and advise business units on innovating successfully.

A core element of this shift was localized empowerment. Its 150 distinct business units now have the autonomy to tailor innovations to their local market. A recalibration of how employees approached their work was needed to pull this off.

With over 160,000 employees and 900 manufacturing sites across 76 countries, creating a culture of trust and collaboration was no small feat. “We didn't dictate this transformation,” Dominique explains. “We showed it. We walked the talk.” By embodying the principles of innovation (openness, collaboration, and bold ambition), the team helped the company transition from a hierarchical, product-focused mindset to a more agile, customer-oriented approach.

The Role of the Innovation Development

A significant component is the company's pivot from products to solutions. Dominique describes how her team works closely with business leaders to accelerate innovation projects, unblock obstacles, and build capabilities.

They work as a trusted business partner, focusing on three main roles to drive the company's transformation:

1. **Sparring with leadership:** They provide coaching and act as a sounding board, helping senior leaders navigate and shape the innovation process.
2. **Building capability:** They design training programs to upskill teams in customer-centric approaches, de-risking, and iterative learning.
3. **Accelerating projects:** They collaborate directly with project teams to identify roadblocks, clarify customer segments, and refine pricing strategies, ensuring innovations are strategic and impactful.

A key role is to ensure that innovation becomes a business-wide responsibility rather than remaining siloed within R&D. "Too often, people think innovation is an R&D thing," Dominique says. "But it's business ownership. Leaders have a role to play."

Saint-Gobain's innovation strategy is grounded in three strong beliefs that guide the Innovation Development team's work across the organization:

- **Business ownership:** Innovation should be integrated within each business unit, not isolated in R&D alone.
- **Human-centricity:** Focus on the psychological elements of innovation, recognizing that mindsets and behaviors play a crucial role in overcoming

common pitfalls and leveraging employees' strengths.

- **Innovation as a stream:** Emphasizing innovation as a continuous process, linking creativity and prototyping with strategic business objectives to drive change.

"We teach our teams to de-risk their innovation processes by understanding customer needs more deeply, iterating, and learning faster," Dominique highlights.

Building a Unified and Collaborative Culture

The innovation team established a foundation for collaborative innovation by creating a common language and framework. Empowered local units could adapt to this while still aligning with global standards.

The foundation was designed to resonate with both the analytical and creative aspects of employees' thinking, appealing to the logical, structured approach and the imaginative, open-ended mindset. Resources, including a new guidebook, training, and tools, were crafted to engage both perspectives, making innovation accessible across all roles.

They reimagined innovation as a **continuous, integrated process** involving product development, leadership, mindset, and project work, with the customer at the center. "Now everyone talks about 'horizons,' and people understand that there are different levels of innovation," she notes. This shared language and understanding created inertia and encouraged a collaborative approach.

"It's not just about developing the next product, it's about understanding the entire value chain, from customer needs to business strategy to portfolio management." By establishing a shared framework, innovation has become cohesive, whether teams work

in a gypsum plant in Chile or a glass factory in China.

Engagement Through Play

To further embed this new mindset, they introduced gamification. “One of our most successful initiatives has been the Innovation Journey board game,” Dominique shares. The game, designed entirely in-house, guides teams through the innovation process, prompting discussions around strategy, portfolio management, and customer needs. “The game creates engagement, but more importantly, it fosters serious conversations about real business challenges.”

Building on the board game’s success, the team went on to launch an e-learning escape game designed to educate employees about the innovation mindset in a fun, interactive

way. This game introduces concepts like learning loops and de-risking through simple, relatable scenarios, such as launching a new smoothie product. “It’s been a game-changer. People realize that innovation can be applied to daily operations in any department.”

The journey is far from over, and the results of their efforts are already starting to show. “It’s been a long journey, but we’re seeing real impact now,” Dominique reflects. The company’s combination of individualized support for business units and large-scale, company-wide initiatives is helping to embed innovation deeply into the organization’s DNA.

With sustainability as a driving force and innovation as the vehicle, *Saint-Gobain* is well on its way to transforming itself and reshaping the entire construction industry.

▶ Scaling Innovation at Lufthansa Group: A Blueprint for Future-Proofing



Florian Brückner
Director Transformation at Lufthansa Innovation Hub



Florian Brückner, the leader of *Lufthansa Group’s* Innovation Hub transformation team, has spent years building and scaling innovation capabilities at one of the world’s largest airlines. He shares insights into how the airline embeds innovation into its culture and creates a future-ready organization.

Navigating the Evolution of an Innovation Hub

Lufthansa’s Innovation Hub, founded in 2014 in Berlin, started as an exploration of emerging trends in the travel industry. Today, it has evolved into a strategic organization-

wide partner with a mission that goes beyond just creating new business models. “We’re trying to strike the right balance between proximity to the core business and staying far enough away to have our own strategic agenda,” says Florian.

The hub operates across three main capabilities:

- Strategic intelligence
- New business creation
- Transformation

The team focuses on everything from conducting research to identifying future trends and building ventures. Their portfolio includes a range of ventures at various stages, some spinning off into independent entities and others folding back into *Lufthansa* as digital products.

What's the real secret to *Lufthansa's* innovation success? They build innovation capabilities within the core organization.

Why Traditional Operating Models Are Failing

Florian highlights the growing need for companies to evolve their operating models in the face of rapid technological advancements and shifting customer expectations. "Companies still struggle to understand the changing needs of a new generation of customers, like Gen Z, who want entirely different customer experiences," Florian explains.

And it's not just customer expectations that are evolving. Workforce demands are shifting because of digital transformation, a changing geopolitical landscape, and the increasing need for talent. With their long-term planning cycles and core-business-centric focus, traditional operating models are no longer fit for purpose.

The Path to Becoming Future-Ready

What does it take to be future-ready? According to Florian, innovation capabilities

are at the heart of a company's ability to thrive in changing environments. Companies that build these capabilities are better equipped to adapt, experiment, and develop new growth engines.

Florian outlines several key behaviors that future-ready companies exhibit, including:

- **Lead with vision and purpose:** A strong vision guides companies through uncertainty. "An inspiring vision isn't just a nice-to-have; it's necessary for motivating teams and aligning them around common goals," Florian says. He points to companies like *AirAsia*, which rebranded itself to reflect its broader mission as a digital lifestyle platform, not just an airline.
- **Work backward from the customer:** Companies like *Lego* and *Notion* are models of customer-centricity, building communities that co-create and shape their products. "Real-time feedback loops with customers are essential for continuous improvement," Florian adds.
- **Experiment relentlessly:** One of Florian's favorite examples is *Booking.com*, where experimentation is embedded in the company's DNA. "At any point, Booking.com runs over 1,000 experiments on its platform. Their approach ensures they're constantly learning and optimizing."
- **Empower intrapreneurship mindsets:** Companies like *Bosch* and *3M* have created systems to foster internal entrepreneurship (known as 'intrapreneurship'), providing employees the space and resources to innovate within the organization.

The Importance of a Learning Culture

Another crucial component of becoming future-ready is cultivating a culture of continuous learning. Florian believes the best organizations create environments

where learning is encouraged and ingrained in daily operations. “Companies like *Novartis* give employees dedicated time for learning, and *DBS Bank* has created initiatives like the ‘Gandalf scholarship’ to encourage curiosity and skill-building,” he notes.

This culture of learning also extends to how organizations handle failure. Citing *Amazon*, *P&G*, and *Etsy* as examples, Florian explains how innovative companies use failure as a learning tool, such as *P&G*’s annual “Failure Awards.” He gave another example from *Amazon*: “They didn’t fire anyone over the failure of the *Fire Phone*. Instead, they repurposed the tech and developed it into the successful *Echo* device.”

How Lufthansa Builds Innovation Capabilities

Lufthansa’s focus isn’t just on building individual ventures but on scaling innovation across the entire organization. Florian’s team runs a portfolio of learning programs and upskilling opportunities for employees, particularly leadership. They emphasize teaching innovation methods, fostering customer-centricity, and encouraging experimentation.

One example of this approach in action is *Lufthansa*’s *Discovery Airlines*, a new leisure airline that grew from a 40-person startup into a 1,000-employee operation. “We worked with the team to design the organization’s culture based on core values like being approachable, which translated into everything from how they structured their hierarchy to how they designed their offices,” Florian shares.

Driving Change Through Small Behavioral Shifts

For leaders who don’t have the luxury of overhauling their entire operating model,

Florian suggests focusing on small behavioral changes that can drive significant impact. He emphasizes, “You cannot change people, but you can change the environment in which people interact.” This philosophy underpins *Lufthansa*’s use of Behavior Enablers, Artifacts, and Nudges (BEANs), practical tools designed to encourage new habits that support innovation.

For instance, companies like *IDEO* introduced rituals such as tea time to foster spontaneous collaboration, while *Amazon* uses a press release format to embed customer-centric thinking into every project. “It’s these small, intentional changes that can have a huge impact on innovation culture,” Florian advises.

Making Change Sustainable

As *Lufthansa* continues to build its innovation capabilities, Florian and his team are focused on making this change sustainable. “We now have a network of 300 to 350 leaders who speak the same language around innovation, and that’s creating a multiplying effect within the organization,” Florian says.

But it’s not just about the numbers. Success for Florian is about embedding innovation into the core systems and processes of *Lufthansa Group*. “If we can change how we incentivize behaviors, reward experimentation, and create environments where people feel safe to speak up and share ideas, then we’re making real, lasting change.”

Lufthansa’s approach offers valuable lessons for companies looking to scale innovation and future-proof their operations. By building innovation capabilities, fostering a culture of learning, and driving change through small but significant shifts in behavior, organizations can position themselves to thrive in an uncertain future.

Actionable Principles

Florian shares these actionable principles for fostering a culture of innovation:

- **Choose a language everyone understands:** Use clear, accessible language to bridge gaps and ensure alignment.
 - **Always start with specific outcomes:** Define clear, measurable outcomes as the foundation for innovation efforts.
 - **Utilize the power of vision:** An inspiring vision is essential for guiding and motivating teams.
 - **Leverage values to shape culture:** Use core values to define what's most important and embed them into organizational practices.
 - **Focus on specific behaviors you want to change:** Target and reinforce critical behaviors to drive cultural shifts.
- **Seek alignment:** Ensure all stakeholders are aligned with the innovation goals and strategies.
 - **If you cannot change the organization at once, start with your team:** Begin with small-scale changes and build momentum.
 - **Lead by example and role-model behaviors:** Leaders should demonstrate the values and behaviors they want to see.
 - **See it as an ever-evolving journey:** Recognize that building an innovation culture is an ongoing, adaptive process.

For companies seeking to future-proof through innovation, aligning performance incentives with innovation values is essential. Florian believes true transformation occurs when structural systems, such as performance evaluations and rewards, support and encourage experimentation, risk-taking, and continuous learning.

▶ Bridge the Culture Gap Between Venture Teams and the Mothership through Values Alignment



Jeannine Walsh
Head of New Ventures at Beca



Bridging the cultural divide between an innovative venture team and a traditional corporate environment is no small feat. Jeannine Walsh heads the New Ventures team at *Beca*, a professional services engineering firm. She shares how they tackled this challenge head-on and how she brought together entrepreneurs and core business employees to create a feedback loop for a supportive and collaborative environment.

A Clash of Cultures: Engineers Meet Entrepreneurs

Jeannine's team was tasked with launching an internal innovation boot camp that

brought together entrepreneurs from her New Ventures team and engineers from the core business. What they quickly discovered, however, was that these two groups had very different mindsets, which was especially

apparent when it came to failure. “For the entrepreneurs, failure was a learning opportunity. For the engineers trained to minimize risk, failure was something to be avoided at all costs,” Jeannine explains.

The clash of cultures created friction, with the two groups approaching problems from opposite ends of the spectrum. However, Jeannine saw this as an opportunity to introduce an activity designed to align values and increase collaboration.

The ‘Above the Line, Below the Line’ Activity

During the 12-week boot camp, she introduced an activity called “Above the Line, Below the Line.” The goal was to identify behaviors that would either help or hinder their progress as an innovation team. This may seem simple, but it was profoundly effective.

The exercise was a 5-step process, as follows:

1. Introduce the activity

They kick-started the process by bringing everyone together and explaining the purpose of identifying behaviors that drive or inhibit success in innovation. “We started with our corporate values, which served as the common ground,” Jeannine says, emphasizing that this foundation was vital for building alignment across diverse team backgrounds.

2. Brainstorm behaviors

The practical exercise began with a brainstorming session, encouraging each person to note behaviors representing corporate values, distinguishing those that uplift (‘above the line’) from those that impede (‘below the line’). “It wasn’t about their day jobs,” Jeannine clarifies, “but about what behaviors were needed specifically for the entrepreneurial journey.”

To allow for more thoughtful participation, the team left the physical board up for a week, giving each member the time to “reflect and have a voice, and really give people the chance to have the opportunity to contribute,” Jeannine explains. The extended timeframe was intentional, enabling them to “get past any potential discomfort, live with it, and normalize it.” This created a safe space, allowing for genuine and reflective input.

3. Consolidate

After a week of collecting ideas, they consolidated all the input and created a unified draft for review.

4. Review

They left the refined list up for another week so everyone could check it and ensure it accurately expressed their shared values. Jeannine emphasizes that this crucial second week “gave them an opportunity to make sure that what was captured accurately reflected what they wanted.” This encouraged final adjustments and ensured the document represented the team’s shared vision.

5. The Ceremony

Once the team had been given time to review, they met as a group to finalize the document and sign it. Each person signed it, and the document was displayed prominently to reinforce accountability. “By signing it, we committed to holding ourselves and each other accountable to these behaviors,” Jeannine explains. This process created a sense of ownership and a shared framework for feedback.

Accountability and Feedback

One of the most important outcomes was having a common reference for giving and receiving feedback. Feedback can be tricky

in any organization, particularly when team members come from different backgrounds with varying expectations. “Some people see feedback as a way to show care and respect, while others perceive it as criticism,” Jeannine notes.

The “Above the Line, Below the Line” document made feedback easier by establishing a shared language. “Since everyone had contributed to creating the document, it became a neutral, agreed-upon way to foster a growth mindset,” she says.

Jeannine recounts a team struggling after a poorly executed investment pitch. “The team was feeling understandably beaten up, and in the retrospective, the conversation just spiraled into negativity.” She stepped in, referenced the document, and respectfully called out that the conversation had dropped below the line. This helped the team reset and refocus on what they could learn from the experience rather than dwelling on what went wrong.

Balancing Team Dynamics

Jeannine emphasizes the importance of balancing the team dynamic by incorporating enjoyment as a key value. “Each month, we set aside 30 minutes to do something fun. It might seem strange to schedule fun, but it was a way to keep the team energized and committed to staying above the line,” she says.

One of the values that was particularly important for the entrepreneurial teams was tenacity and the ability to keep pushing through challenges. “We had to remind ourselves to focus on persistence. Innovation isn’t easy, but by committing to these values and behaviors, we created an environment where both fun and tenacity coexisted,” Jeannine explains.

While the initial activity aligned the team internally, it also became a powerful communication tool for external stakeholders. “I shared the document every time we had visitors or when executives wanted to understand how we operated,” Jeannine says. The visible commitment to shared values demonstrated that while the venture team operated differently from the core business, they were still aligned with the company’s overarching values.

The document also provided continuity when new members joined the team. “At the end of the boot camp, we revisited the behaviors and recommitted to them.” Still today, when new members come on board, or new venture teams are formed, they are introduced to this framework during onboarding. It keeps everyone aligned and focused on the mission.

Keeping Values Alive

A key challenge is keeping the document and its outlined behaviors from becoming stagnant. “It’s easy to create something and then let it sit on the shelf,” Jeannine acknowledges. To prevent that, the team ensured the values remained visible and regularly revisited. When transitioning from in-person to remote work, they relied more on their innovation coaches to keep the behaviors front and center.

“Keeping the document alive is crucial to its impact. It’s not about forcing it down people’s throats, but creating a living, breathing set of values that continue guiding how we work and innovate.”

Jeannine’s experience underscores the importance of actively bridging the cultural gap between a venture team and the corporate ‘mothership.’ It demonstrates that diverse teams can align their behaviors and create an environment where innovation

and collaboration thrive. As Jeannine puts it, “When you get a group of people operating

above the line, you can really expect great outcomes.”

▶ Driving the Shift with the Power of Intrapreneurship



Linda Fragner
Innovation Lead at Scania



The seeds of tomorrow’s business are there in the form of ideas and competencies. It’s up to us to make them grow.

Linda Fragner, Innovation Lead at *Scania*, offers an inside look at how the company is unleashing the intrapreneurial power of its employees to lead the future of sustainable transport.

It All Starts with the Why

Scania’s purpose is to drive the shift towards a sustainable transport system, which guides innovation activities and fuels the focus on future competitiveness. This forward-looking attitude is built into the company culture from the top down, with the CEO originally initiating innovation activities.

“I dare say that for certain people, this purpose means a lot more. These are the people who push a little harder, who are truly driven by the idea that we can make a difference.”

Having a strong “why” resonates deeply with employees who are encouraged to have creative confidence and feel comfortable exploring uncharted territory.

Dreamers Who Do

“Intrapreneurs are dreamers that do. They’re the ones who see the big picture, spot

opportunities, and have the courage to act on them.”

Empowering employees to think and act like entrepreneurs unlocks a wellspring of innovative ideas that propel business forward. Let’s take Carl from Customer Service, for example. He’s been interested in AI for years, but he doesn’t use it in his day job. He already knows the company and sees use cases where AI could provide solutions. By encouraging employees like Carl to be able to act on their ideas, companies can leverage talent and unique insights.

This is exactly what *Scania*’s intrapreneurship program is all about. The ‘Innovation Factory’ is designed to foster this entrepreneurial spirit. “We encourage networking both internally and externally, remove obstacles, and give people a strong ‘why’ with a clear purpose,” Linda explains. This collaborative approach allows employees to connect across functions and geographies, building cross-functional teams that work on everything from circular economy solutions to AI-driven innovations.

Creating the Right Conditions

So, how can intrapreneurial potential be unlocked? “It’s about testing ideas quickly,

learning from the results, and making better decisions faster,” Linda notes. They do this through the intrapreneurship program which allows employees to submit ideas, form teams, and go through an intensive bootcamp where they refine their concepts.

The steps to the program are outlined as follows:

1. **Innovation challenges:** Employees are encouraged to submit their ideas or simply express interest in being involved in the program.
2. **Find team members:** Employees need to form teams with colleagues from across the company, not just their department.
3. **Pitch for boot camp:** Teams pitch their ideas and those who are chosen are sent to a boot camp.
4. **Boot camp:** This consists of full-day workshops that are intense and fun, where the teams develop their ideas into business concepts.
5. **Pitch for incubation:** Teams pitch the ideas again and those who are chosen enter an incubation phase.
6. **Incubation:** Chosen teams switch their full-time jobs for 3–6 months to explore the ideas and validate them through the four lenses of innovation.

Typically, around 80 to 100 staff members apply for the first pitch. Teams of 3 to 4 people are formed, and a total of approximately 40 people go through boot camp. For the last pitch, 3 to 4 ideas are chosen to go into the incubation phase.

To help guide employees through this process, *Scania* has developed a playbook filled with tools and methods that teach intrapreneurs how to explore business opportunities effectively.

The Role of Collaboration and Networking

Linda emphasizes that innovation is not a solo endeavor. “It takes a village to get something done,” she says, highlighting the importance of collaboration both within and outside the company. Life in the incubator introduces participants to new colleagues, new roles, and new ways of working.

Employees build diverse teams, drawing on a range of skill sets and perspectives to develop well-rounded solutions.

Externally, *Scania* also partners with startups, using intrapreneurs as bridges between the core organization and these nimble, outside innovators. “Intrapreneurs speak the same language as startups,” Linda explains. “They can be incredibly effective in translating the needs of the core business to the startup world and vice versa.”

A Resilient, Experimentation-Focused Mindset

Innovation, by its nature, requires a certain level of resilience. Linda acknowledges that not every idea will succeed, but the goal is to create a safe space where employees can experiment, learn, and grow. “You can’t be afraid of failure,” she says. “We celebrate the learnings, even if the project doesn’t move forward right away.”

The results speak for themselves. Teams emerging from the Innovation Factory have developed groundbreaking solutions, such as real-time carbon emissions tracking for trucks, that have progressed into full-scale projects. “These are tangible outcomes that are having a real impact on our business and on the future of sustainable transport,” Linda says proudly.

In some cases, even if a project doesn't move forward immediately, the individuals involved gain valuable experience and skills that they take back to their regular roles. "It's about building that entrepreneurial mindset across the company," Linda explains. "Even if the first idea doesn't take off, you've gained the tools and confidence to try again."

Scania's journey toward sustainable transport is a testament to the power of intrapreneurship. By creating an environment where employees can take risks, collaborate, and innovate, the company is setting the stage for a more sustainable future in the transport sector.

▶ Breaking Free from Corporate Gravity: Unleashing Creativity in Corporate Giants



Tatjana Trujillo

Senior Business Innovation Consultant & Diversity & Inclusion Lead at SAP New Ventures & Technologies



Innovation within large corporations often feels like a battle against gravity itself—a force holding back creativity and progress. From SAP's incubator, Tatjana Trujillo draws from years of experience to share strategies for overcoming these challenges. With a focus on mindset, mechanics, and money, she outlines actionable solutions that empower corporate innovation.

Breaking Free From Resistance

Tatjana compares innovation resistance in corporations to the immense velocity required for a space shuttle to break free from Earth's gravity. The traits that make companies successful in their core businesses often stifle innovation. "What makes a corporation good at their existing business makes them bad at innovating," she explains, referencing the well-known innovator's dilemma. This conflict requires a dual operating system: one that keeps the core business stable and efficient, and another that allows flexibility for exploring new, risky ideas.

However, the lack of alignment between these two worlds often leads to failure. Corporate teams see innovation as chaotic, while innovators view corporate processes as rigid and limiting. Bridging this gap is critical, as both sides depend on each other. "The intrapreneur needs funding from the corporation, and the corporation needs to prevent being disrupted by external forces," Tatjana emphasizes.

The Three Pillars of Corporate Innovation

Tatjana identifies mindset, mechanics, and money as the three critical factors for enabling innovation.

1. Mindset: Building Innovation Advocates

“Corporates do not change. People change,” Tatjana asserts, and while executives excel at running established businesses, they often lack the skills for managing innovation. Tatjana highlights the importance of equipping leaders with the right tools and perspectives. At SAP, they tackled this by investing in sending 35 executives to Stanford’s world-class program on venture capital and innovation management. The result? “It was amazing,” Tatjana recalls. “They came back with the right mindset to be on the advisory boards for our innovation teams, ready to make informed decisions and to support the mechanics of our innovation projects.” SAP continues to train top leadership, onboarding and educating any new executives who will be involved in innovation.

2. Mechanics: Simplifying Processes for Speed

Cumbersome corporate processes often cause friction with innovative practices. Tatjana’s team developed an incubation framework to streamline these hurdles. “We avoid as many standard commercialization tasks as possible that don’t add value in the beginning,” she explains. Her team accelerates the innovation lifecycle without sacrificing quality by focusing on minimum viable compliance and adapting corporate resources like legal and sales channels.

3. Money: Securing Dedicated Funding

Budget constraints are another common barrier. Tatjana recommends carving out a small percentage of the annual budget—such as 1% of the engineering budget—specifically for scaling innovation projects. This approach incentivizes engineering teams to prioritize innovative initiatives, ensuring resources are available when most needed.

Practical Insights for Driving Change

Tatjana emphasizes the importance of onboarding executives into advisory roles to ensure they understand their impact on innovation projects. SAP scaled its executive training program by finding internal champions who play an essential role in amplifying innovation within the organization. Tatjana believes getting well-respected leaders onboard empowers corporate leaders, making them feel influential and integral to the innovation process.

Tatjana advises innovators to “Make it easier for your people to act helpfully for corporate innovation and make it more difficult for people to act in a hindering way.” This can be achieved by creating clear channels for innovative ideas to be heard and acted upon, and by setting up systems that reward and recognize innovative contributions.

Enabling corporate innovation requires creating an environment where it’s easier for individuals to act productively and harder for progress to be blocked. Only then can innovators break free from corporate gravity and unlock their full potential.

▶ Garage Thinking and the Mindset Virus



Tim Berendt

Director, Corporate Ventures & Innovation at NRG Energy



Tim Berendt, Director of Innovation at *NRG Energy*, offers a compelling case for integrating innovation practices like design thinking and garage thinking. Tim sees these frameworks as tools for empowering organizations to innovate more quickly and effectively, often circumventing traditional corporate hurdles.

Defining the Innovation Garage

Tim explains that an innovation garage represents a protected environment where unconventional ideas can flourish without interference. It's about creating a "safe space" for experimentation and rapid prototyping, unencumbered by a corporate environment's usual demands or politics. Garage thinking is about adopting a scrappy, flexible mindset within this space to create a culture where you won't be told no.

He highlights the notable example of *Columbia Sportswear's* innovation garage, which empowered the company to regain market relevance by developing new technologies that were sold back to competitors like *The North Face*.

Implementing Design Thinking as a Cultural Tool

A cornerstone of the approach is applying design thinking across different organizational levels. From ideation workshops to empathy exercises, Tim champions an iterative, non-linear process for encouraging collaboration and creativity. "You don't need to tell everyone they're doing design thinking," he says, "sometimes, the language can fall into the background, and you're left with the

practice itself."

In some cases, overt references to design thinking can lead to fatigue. "When design thinking gets stale, just don't tell them that you're using it at all," Tim suggests. He gives the example of the innovation team at *Starbucks*, who quietly embedded the framework's principles into the workflow when explicit internal branding around design thinking started to wear thin.

To quickly onboard teams new to innovation practices, Tim believes that crash courses can be a powerful tool to accelerate the adoption of the design thinking mindset. "You can run a 90-minute or two-hour crash course with a simple design challenge, usually outside your industry. For example, one of the challenges I've used is to redesign a *Porta Potty*. The idea is to get people out of their comfort zone and into a new way of thinking," Tim shares.

Finding the Right Fit: Culture and Adaptability

Organizational culture can make or break the success of innovation initiatives. Tim stresses that while design thinking is beneficial across functions, it might not resonate equally everywhere. For example, finance

and engineering teams prefer sequential, structured processes and often require a tailored approach. “A big misnomer is that design thinking is linear when it’s actually iterative,” he points out. Adaptability, aligning initiatives with cultural norms, and readiness for change are paramount.

“You’re not going to win the hearts and minds of everyone,” Tim acknowledges. The important thing is to have a bias toward action. By talking less and doing more, sometimes competition arises among leaders who see other groups flourishing using innovation methodologies. Once they see what they’re missing out on, the cultural mood around innovation can shift.

As an innovator, Tim explains, you need to really know your audience and adapt the communication about innovation practices accordingly. Openness to innovation also depends on the maturity of the innovation function itself. It’s helpful to tie design thinking to business challenges, for example, to make it more tangible for critics to see the benefits.

Proving Value Through Outcomes—Structuring for Impact

One of Tim’s proudest achievements came when working with a *Medicare* team, where he demonstrated the efficiency of design thinking by validating a concept in just seven days—a process that would traditionally take two years. “There was an efficiency and effectiveness that was completely obvious,” he states. Such visible, tangible results are invaluable to building momentum for innovation practices within a corporation, especially when backed by outcomes that speak directly to efficiency and resource optimization.

At *NRG*, Tim’s innovation team is embedded within corporate strategy, reporting directly to the CFO. He acknowledges the potential friction this setup might create but praises the advantages of working closely with a supportive, forward-thinking CFO. “Being connected to strategy ensures innovation isn’t a siloed endeavor; it’s an integral part of long-term growth.” This strategic alignment allows his team to operate across various horizons, from core improvements to future-focused, transformational projects.

Tim believes up to 85% of innovation projects should be tied directly to the corporate strategy, but there’s still room to wander. “I don’t think we’re necessarily doing our job as innovators if we’re not exploring, somewhat, what else is going on out there and taking some risks or de-risking markets.”

Balancing Transparency and Secrecy

Tim advocates a balanced approach to sharing information on “top-secret” garage projects. While early secrecy can create excitement and buzz, complete isolation risks alienating other departments and undermining long-term buy-in.

The success of an innovation garage depends on its separation and independence from the slower pace of the corporate engine. However, Tim notes the advantage of keeping the CEO and other key stakeholders in the loop. “Reporting out quarterly to key stakeholders is really helpful when you get to that point of launch, of spin-off. Instead of you saying, ‘Hey, I worked top secret and this for three years, do you like it?’ You have a different kind of receptivity.” This transparency makes the eventual integration of these projects into broader business functions much smoother.

Building a Culture of Innovation

Ultimately, Tim believes the key to sustainable innovation lies in cultivating a culture that empowers employees at all levels to see themselves as innovators. “It’s not about us being the innovators. Our role is to unearth the innovator in everyone else,” he explains. This people-first approach creates a viral spread of innovation throughout the organization, where individuals across functions—from interns to executives—are engaged in creative problem-solving.

“When people ask that golden question of ‘What’s the silver bullet in innovation?’, the answer is connectivity to the people within the organization.” Therefore, the journey to embedding innovation is as much about nurturing a mindset as it is about implementing methods. Building a culture where every employee feels connected to the innovation process means organizations can cultivate an enduring capability that accelerates growth and embraces change. Tim concludes, “When you really focus on the people behind the innovation, then you’re gonna see really rich solutions emerge.”

▶ Building an “Everyone Innovation” Culture



Zoi Gioti

Global Employee Innovation Lead at Siemens Energy



At *Siemens Energy*, every employee is encouraged to participate in innovation. Zoi Gioti, the company’s open innovation leader, believes that fostering an “everyone innovation” culture is the key to transforming ideas into real business solutions.

Zoi shares how *Siemens Energy* is building this inclusive innovation culture and empowering employees to contribute to one of the most pressing global challenges: the energy transition.

The Challenge: Employees Feel Left Out

Siemens Energy, a four-year-old spinoff from *Siemens AG*, is hardly new to innovation. With 95,000 employees worldwide, it plays a critical role in the energy value chain, from generation to transmission to industrial applications. But despite the company’s commitment to progress, there was a disconnect. “We heard from employees that

even if they had good ideas, they weren’t sure the company would do anything about it,” Zoi explains.

Zoi and her team knew they had to address the sentiment of having ideas but feeling nobody would act on them. “When your employees ask, ‘What’s the point?’ you know it’s time to act,” she says. The goal was to simplify the innovation process for employees and give them a clear and impactful pathway to contribute their ideas.

Laying the Foundation: Infrastructure and Business Sponsorship

At the heart of the approach is a three-part strategy to provide the proper infrastructure, solve real business challenges, and secure committed sponsorship from leadership. “We needed to make the innovation process easy for employees and ensure there were challenges worth solving,” Zoi emphasizes.

One meaningful learning was ensuring that every innovation initiative had a business sponsor. Without someone committed to acting on the ideas, even the most creative solutions would go nowhere. “We ask our sponsors, ‘What’s your problem, and what are you willing to do with the ideas we collect?’ If there’s no clear answer, we don’t bother asking employees to participate,” Zoi says. This approach ensures that employees feel their contributions are valued and that ideas will likely be implemented.

Three Pillars of Action

Siemens Energy’s innovation strategy is built on three core pillars: crowdsourcing, entrepreneurship tracks, and innovation communities. Each pillar offers employees a different way to engage with innovation.

1. Crowdsourcing Ideas to Solve Real Problems

Crowdsourcing is a central part of the strategy, allowing employees to share ideas and collaborate with others across the company. “It’s easy to ask employees for ideas, but we wanted to ensure there was a reason for them to get involved,” Zoi explains. Employees are invited to contribute to challenges presented by business leaders committed to acting on emerging ideas.

Through crowdsourcing, employees can submit their own ideas and vote on and build upon the ideas of their colleagues. “Instead of a few people from the strategy department coming up with ideas, you expand the funnel and let the crowd evaluate which ones are most likely to fly,” Zoi said. This inclusive process ensures that the best ideas rise to the top while also fostering a sense of ownership among participants regardless of their position in the organization.

2. Building the Entrepreneurial Muscle with Innovation Tracks

To further support employees, they have created entrepreneurship tracks designed to help develop and accelerate ideas. These tracks range from short, web-based training programs to more intensive, multi-week sprints where teams work on maturing their ideas.

All 95,000 employees can access a three-hour web-based program offering foundational innovation training. The company undertakes five-week sprints and 10-week Build Sprints for more developed ideas. “The Build Sprints are the crown jewel,” Zoi says. “We take groups of employees who didn’t know each other and turn them into strong startup teams solving real business problems.”

The program is as much about learning by doing as ideas development. “Participants build their entrepreneurial muscle by going through the process of validating ideas, testing them with the market, and finding sponsors to move the ideas forward,” Zoi explains.

3. Fostering Innovation Communities to Sustain Momentum

While crowdsourcing and sprints are essential, Zoi highlights the importance of

building innovation communities to sustain engagement over time. “You can’t just sprint, sprint, sprint—you also need to execute,” she notes. Communities of past sprint participants, innovation ambassadors, and those involved in crowdsourcing challenges help spread the word and keep the momentum going.

Word-of-mouth plays a vital role in building momentum and awareness. “If the 40 people who participated in a sprint each talk to 10 more, you can exponentially grow the narrative and experience,” Zoi explains. These communities provide ongoing coaching, training, and support, ensuring that employees remain active contributors to the innovation culture.

Overcoming Challenges: Time, Sponsorship, and Mindset

One of the most significant challenges in promoting innovation within a large company is balancing employees’ day-to-day responsibilities with their participation in innovation programs. In the sprints, employees work 50% on their regular job and 50% on the sprint. “It’s a game of negotiation,” Zoi says. “The brightest, most proactive employees are often the ones most

needed by their departments, so we must ensure line managers are on board.”

Committed sponsorship from senior leadership plays a crucial role in overcoming resistance. “When a line manager says they can’t let an employee participate, we need the board member sponsoring the sprint to step in and make it happen,” Zoi stresses. Having top-level support ensures that innovation is taken seriously across the organization.

The Power of an “Everyone Innovation” Culture

For Zoi, the ultimate goal is to create a culture where every employee feels empowered to contribute to *Siemens Energy’s* mission. “When employees see that their ideas are being acted upon, they become more engaged. They realize they can be part of something much bigger and contribute to the energy transition, one of the biggest challenges of our time,” she said.

By offering the right tools, prioritizing business sponsorship, and building strong communities, *Siemens Energy* proves that innovation isn’t just for the select few—it’s for everyone.



Mackenzie Schultz

Innovation Leader at Altra Federal Credit Union



Wins in 2024

In 2024, Mackenzie Schultz is incredibly proud of the remarkable growth in employee idea submissions. “We’ve gone from 35 in 2023 to nearly 90 this year—and we’re still going!” This increase clearly reflects how much the company’s culture of innovation has evolved. Employees are now more confident and excited to share their ideas, significantly contributing to the company’s dynamic innovation landscape. The growth of submissions is also a result of the team’s efforts to nurture an environment where everyone feels empowered to contribute to the innovation process.

Learnings and Challenges

The path to this success wasn't without its challenges, however. Mackenzie faced obstacles when managing the increased volume of submissions. "One of our biggest challenges was working through the backlog of ideas, which at one point stretched to a 9-month wait time," Mackenzie explains. To address this issue, the innovation review team, known as the *Innovation Scouts*, increased their meeting frequency, reducing the backlog to about three months. This change helped speed up the process and kept employees engaged, as they could see their ideas moving forward more quickly. Mackenzie's team has created a more efficient and collaborative environment for innovation by focusing on transparency and refining the submission and review process.

Advice for Innovators

Mackenzie advises fellow innovators to "Focus on building a strong feedback loop. Listen to and understand the needs of your employees," she advises. Being responsive to employee needs enables companies to encourage greater participation and more meaningful contributions. Mackenzie also highlights the importance of starting small and evolving the program as it grows. "Be careful what you wish for! We wanted more engagement, and I never could have predicted the incredible increase we've seen," she laughs. While increased engagement is a positive outcome, Mackenzie underscores the importance of having the right resources to handle the influx of ideas and maintain momentum.

Plans for 2025

Looking ahead, Mackenzie plans to empower employees further. "Our focus for 2025 will be exploring how to give employees greater ownership in building a business case for their ideas," she shares. Inspired by a session at the Innov8rs community, Mackenzie's team aims to shift more responsibility for validating ideas onto employees while still providing them with the necessary support and resources. "We believe this change will foster a stronger sense of ownership and accountability," she adds. This approach will help employees develop valuable skills for their personal and professional growth.

Outlook for Corporate Innovation in 2025

As Mackenzie looks to the future, she predicts that AI will become an integral part of corporate innovation. "AI tools are an almost expected component of corporate innovation," she says. In addition to AI, Mackenzie anticipates, "The adoption of agile methodologies will likely continue to grow, enabling organizations to respond swiftly to challenges and seize opportunities." This adaptability will be essential for staying ahead in today's fast-paced markets. While tools and technologies will evolve, Mackenzie emphasizes that the core principles of creativity, collaboration, and a human-centered approach will always remain at the heart of successful innovation. "Innovation thrives on creativity, collaboration, and a willingness to take calculated risks," she concludes.

▶ Breaking Boundaries: Cultivating Innovation in Big Healthcare Organizations



Kip McCoy

Vice President – OSF HealthCare Innovation Studio at OSF HealthCare



Kip McCoy from *OSF Healthcare* brings a refreshing approach to driving change within a traditionally cautious industry. At *OSF*, a Catholic healthcare system based in Illinois, Kip guides initiatives that turn “mission partners” (the term they use for employees) into active participants in shaping the future of healthcare.

With 23,000 mission partners across 16 hospitals serving diverse communities, *OSF* grapples with both urban and rural healthcare challenges. Yet, the collaborative spirit and strategic, innovative efforts led by Kip and his team are reshaping how healthcare institutions adapt and thrive.

Building a Culture of Innovation from the Ground Up

Innovation at *OSF* has deep roots, tracing back to the early 1900s when the organization pioneered the use of helicopters to transport patients, which was a groundbreaking step in its time. “We’ve always had to innovate to survive and serve,” Kip explains. Recent advancements have pushed this commitment even further, especially over the past decade. Today, *OSF*’s Innovation Studio embodies that legacy, operating with a team of 16 people dedicated to advancing ideas from within the organization, ranging from cutting-edge medical devices to process improvements.

This isn’t innovation for innovation’s sake. They strategically harness external and internal resources, from a corporate venture fund with a \$250 million balance sheet to academic partnerships with nearby institutions like the *University of Illinois*. According to Kip, “Philanthropy fuels a large

part of our journey; people passionate about healthcare see our potential and want to help catalyze change.” This support enables Kip’s team to explore a wide variety of innovation efforts, including experimental programs and structured in-house challenges.

Seeding Ideas and Cultivating Solutions

One of the standout initiatives is the Trailblazer Challenge, which mirrors corporate “how might we” challenges and is tailored to healthcare’s unique environment. The annual challenge invites mission partners from all corners of *OSF* to propose solutions to issues like recruitment, retention, and patient care. “Healthcare has specific pressures, like high burnout rates among nurses,” Kip notes, emphasizing that each solution is rooted in real, urgent needs.

The challenges encourage cross-departmental collaboration by mixing participants from different backgrounds,

creating a fertile environment for diverse ideas to take root. At a recent event, they organized 300 nurses to tackle recruitment and retention, medication delivery, and overall workplace improvement. Over 90 minutes, small groups brainstormed, refined, and experimented, testing the feasibility, desirability, and viability of their ideas. In the afternoon, the best proposals were pitched to executives in a Shark Tank-style forum, with winning teams taking home prized OSF-branded T-shirts. “Nurses are now brand ambassadors for our innovation, wearing those shirts with pride,” Kip says, highlighting the motivational power of these engagements.

Supporting Intrapreneurs and Spinning Out Innovations

Beyond challenges, OSF nurtures intrapreneurs within the workforce who have the drive to innovate from within. The organization offers an open platform for submitting ideas anytime, backed by resources like video tutorials and tools that walk participants through concepts like the value proposition canvas. “It’s one thing to hand someone a piece of paper; it’s another to guide them through each step,” Kip shares.

Last year, they launched a mini I-Corps program, a four-to-six-week initiative inspired by NSF’s customer discovery framework, allowing participants to validate ideas with potential users. Although scheduling can be challenging for hourly employees, the program has been instrumental in shaping viable healthcare solutions.

Kip proudly describes one spinout success: OpenSearch, a platform created by two nurses to manage pre-surgical planning for patients with implantable medical devices. Originally built on a simple spreadsheet, the tool evolved into a comprehensive web application, reducing canceled cases

at OSF’s main hospital to almost zero and saving \$2.4 million in potential revenue. “It’s proof that grassroots innovation can drive substantial impact when supported effectively,” Kip asserts.

The Power of Collaboration and Cross-System Testing

OSF recognizes that innovation doesn’t happen in isolation. Partnering with various healthcare systems and accelerators, the organization tests ideas across different settings to see if they address universal challenges. Through *Abundant Reliance*, a coalition of ten healthcare systems, OSF has been able to “pressure-test ideas and validate solutions” that might benefit the broader industry. *Gener8tor*, a regional accelerator, also aids in nurturing potential spin-outs, guiding them toward sustainable, scalable models.

Ensuring Ideas Don’t Stall

In Kip’s experience, the success of any innovation program lies in its follow-through. Clear communication about each idea’s progress is crucial to keeping staff engaged and invested. Without this transparency, Kip warns, “You risk falling into ‘innovation theater,’ where people feel their efforts only serve as a show without real impact.” Kip ensures mission partners are regularly updated on the status of their ideas, allowing them to see tangible progress and know that their contributions matter.

His insights serve as a compelling guide for healthcare professionals navigating similar challenges. OSF’s model of nurturing ideas from within, empowering intrapreneurs, and validating solutions through cross-system partnerships highlights the potential for meaningful, actionable innovation in healthcare. By creating an environment where mission partners feel valued and equipped to

make a difference, *OSF* exemplifies a model of innovation that breaks boundaries and

redefines what's possible in the healthcare sector and beyond.

▶ Unleashing Innovation through Diversity: Lessons from a Decade of Intrapreneurship



Delphine Hertel & Milan S. Lakhani

“Senior Specialist Diversity, Equity, Inclusion and Employer Branding at Konica Minolta Business Solutions Europe | Director of Transformation (DX) and Partner, Environmental, Social, and Governance (ESG) at Konica Minolta Business Solutions Europe”



Konica Minolta is a global technology company with a legacy of over 150 years, known for its forward-thinking approach to addressing business and societal challenges. Milan S. Lakhani and Delphine Hertel share their decade-long journey at the company where they run the *Transformation Innovation Programme (TIP)*, an initiative designed to harness the power of employee-driven innovation on a global scale.

With over 400 participants and more than 60 impactful projects to date, *TIP* demonstrates how large organizations can harness the power of the creative workforce and nurture a sustainable culture of innovation.

Goals of the Transformation Innovation Programme (TIP)

TIP is built around four core goals, each designed to drive impactful and sustainable innovation while aligning with the company's strategic vision. The goals are:

- **Business development:** *TIP* prioritizes refining and maturing solutions over creating Greenfield ideas. This approach ensures scalability and accelerates the integration of business-ready innovations into the organization.
- **People and culture:** By breaking down silos and encouraging cross-functional

collaboration, *TIP* empowers employees to share diverse perspectives. The program also promotes international exposure, enabling a globally inclusive and innovative mindset.

- **Strategy:** Each challenge aligns closely with *Konica Minolta's* mid to long-term strategic objectives, ensuring that participants' work contributes meaningfully to the company's vision and future direction.
- **Innovation:** *TIP* drives innovation through design thinking and operational improvements. It addresses both product development and process optimization while encouraging the exploration of new markets for growth opportunities.

How TIP Empowers Intrapreneurs

TIP enables employees to spend 20% of their working time (1 day per week) to focus

on a strategic challenge. Unlike *Google's* open-ended 20% model, *TIP* is a time-limited initiative. Delphine explains, “The difference is that, in our case, it’s limited to six months as a development program.” This ensures participants and managers view it as a focused, achievable development opportunity enabling deep engagement with innovation without overwhelming daily responsibilities.

Participants operate with autonomy, working “under the radar” to experiment freely while receiving training in methodologies like design thinking. Milan notes, “We expect them to contribute to the challenges, whichever way they can.” He highlights that authenticity, curiosity, and adaptability are qualities they repeatedly see in participants.

A key aspect of the program is its close collaboration with the HR department to develop and promote employees. As Delphine explains, “Approximately one-third of the people who take part are promoted shortly after. For the rest, if not promoted, they get new tasks corresponding to all the new learnings they gain within the *TIP*.” This alignment of outcomes with career development strengthens employee engagement and retention and ensures participant contributions have long-lasting benefits for the individuals and the organization. The results speak for themselves: approximately 50% of the program’s projects, or “challenges” as they are called, transition into business applications.

Lessons from a Decade of Innovation

Reflecting on ten years of the program, Milan and Delphine share the core lessons that shape its success. These insights serve as a blueprint for any organization seeking to develop sustainable and impactful intrapreneurship programs:

1. Cultivate a culture of innovation

A thriving innovation program begins with culture. “We’ve learned that you can have all the systems in place, but without a deeply rooted culture of creativity, it’s hard to make a lasting impact,” Milan emphasizes. At *Konica Minolta*, this culture thrives on empowerment, experimentation, and inclusivity, creating the conditions for impactful innovation.

2. Leadership support is essential

Delphine explains, “Leaders provide the funding but also the psychological safety required for teams to take risks and innovate.” Each team has a leadership sponsor who ensures strategic alignment, inspires confidence, and provides guidance. Leadership also promotes openness about failure, creating a safe environment for experimentation. These sponsors act as champions, helping teams navigate organizational complexities and maintain focus on impactful outcomes.

3. Clearly defined process

Structure and flexibility coexist within the program. Participants follow an agile Stage Gate process, setting three to five measurable objectives per challenge. Milan notes, “While we allow for pivoting, having focused and actionable goals ensures accountability.”

4. Create a robust selection process

A rigorous selection process ensures only high-potential ideas are pursued. A global committee assesses submissions based on scalability, strategic fit, and feasibility.

5. Ensure effective resource allocation

Resources like time, expertise, and tools are distributed equitably, ensuring all projects have what they need to succeed. Teams present detailed plans so that resource use can be prioritized accordingly.

6. Set up cross-functional and diverse teams

Collaboration across departments and cultures is a winning formula. “By integrating diverse viewpoints, teams generate inclusive, customer-centric solutions,” Delphine explains. This approach also breaks down silos and promotes open communication across the organization.

7. Enable a structured support and network system

Each team is supported by mentors, executive sponsors, and an extended network of experts. Milan points out, “We always promote building and developing new networks to address skill gaps and foster knowledge-sharing.”

8. Hold regular milestones and evaluation check-ins

Progress is tracked through consistent feedback loops. Teams meet weekly and engage with sponsors and design thinking coaches regularly. Milestones and regular evaluation check-ins ensure progress remains on track.

9. Celebrate successes and learn from failures

The team emphasizes learning from missteps. “By openly discussing failures, we demystify them and create a culture where experimentation thrives,” Delphine says. Anonymous feedback and open discussions ensure continuous improvement.

10. Be ready for scaling and integration

The program’s true success is in ensuring ideas are integrated into the core business. “We started small and locally, but with time and experience, we managed to become a global program,” Delphine explains. Achieving this required consistent communication to build visibility.

Impact Beyond Numbers

The program’s impact extends beyond project implementation. Participants report enhanced skills, greater career opportunities, and a deeper connection to the company’s mission. For *Konica Minolta*, the benefits include improved client-centric innovation, stronger employee engagement, and solutions that address both current and future market needs.

As Milan concludes, “Intrapreneurship isn’t just about ideas; it’s about creating an environment where innovation can thrive. Persistence, diversity, and freedom are at the heart of this journey.”

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Talent & Teams

▶ How Innovation Teams Can Build Internal Predictability To Thrive Through Uncertainty



Dr. Rebecca Homkes

Lecturer at London Business School, Faculty at Duke CE & Executive Advisor



In today's unpredictable world, leading innovation and growth strategies through uncertainty is more critical than ever. Dr. Rebecca Homkes is a leading expert in high-growth strategy and innovation at London Business School and the author of *Survive, Reset and Thrive: Leading Breakthrough Growth Strategy in Volatile Times*. She shares how organizations can navigate these turbulent waters by outlining practical ways teams can thrive, not just survive, in uncertain times.

Reframing Uncertainty: Opportunity, Not Obstacle

Uncertainty is nothing new in business. As Rebecca points out, "Uncertainty is a series of future events that may or may not occur. Whether those events are good or bad depends on how we're set up to handle them." One of the most dangerous mindsets is to frame uncertainty as something negative to 'get through.'

Rebecca emphasizes that periods of uncertainty are actually the best times for innovation and growth. "Customers are never clearer about what matters most. Vendors are never more honest about what they need from a partner. Employees are never more upfront about what they want from an employer. Our learning loops are accelerated during times of uncertainty, making it a prime time for growth," she says.

From Planning to Preparing

The challenge of an unpredictable future is figuring out how to make good decisions when you cannot make good predictions. The

ability to thrive hinges on a fundamental shift from planning to preparing.

While essential for certain operations, traditional planning tools can be a trap when applied to innovation and strategy. "Planning assumes a linear progression, but growth is not a line; it's a loop," Rebecca says. Innovation teams must become comfortable with uncertainty, making decisions based on emerging information and adapting as they learn.

"When you want to lead growth and grow ahead of your industry, you've got to start making decisions based on beliefs." This shift requires teams to embrace a new kind of agility by focusing on robustness rather than efficiency. "Great organizations aren't just making good predictions; they're making great decisions even when they can't predict the future," she notes.

In times of extreme uncertainty, it isn't helpful to align your team in terms of reaching for a finish line, or a destination. Instead, focus on a direction. "The more uncertainty your team faces, the more they will beg you as a

leader for alignment. So embrace the notion of giving them a compass heading or a direction, even when you can't give a precise destination," she shares. Innovation teams can stay nimble and responsive to changing market conditions by optimizing for directions rather than precise destinations.

The Power of Internal Predictability

According to Rebecca, the real differentiator for organizations that thrive through uncertainty is their ability to build internal predictability. "Internal predictability means that while the world around us is constantly changing, the organization has built the capabilities to adapt and respond."

She breaks down internal predictability into four essential components, which she refers to as the CARE model:

1. **Context:** Everyone knows what the team is trying to achieve and why it matters.
2. **Agility:** Teams are empowered to make good decisions quickly and are aligned with the overall strategy.
3. **Reliability:** Team members can rely on each other to do what they say they will do.
4. **Execution:** When team members adapt to changing conditions, their efforts are recognized and rewarded.

Overly complex strategies hinder execution. "Think of the simple tune of 'Happy Birthday'. It's simple, and everyone can hum along," she explains. By contrast, a complex strategy is like a layered Bach composition. It's much harder to remember and align on. Simplicity allows teams to understand and act on the same goals, creating a shared context that drives effective action.

To illustrate the agility component, Rebecca gives an example from Formula 1, where

decision-making rights are assigned based on the car's physical location—whether in the factory, garage, or track. In each location, the head of that specific area (operations, race team, or engineering) has the authority to make immediate decisions. This setup ensures that the right person makes the call at the right time, allowing quick, aligned responses as situations unfold. By clearly codifying decision rights, innovation teams can avoid delays and act with agility, even in high-stakes environments.

Growing Through and Out of Uncertainty

Rebecca's three-phased approach sets organizations up for growth even when navigating uncertainty: **The Survive, Reset, and Thrive Loop**.

In the 'Survive' phase, there are two critical approaches that organizations can use to navigate market shocks and maintain stability: *steady-state survive* and *triggered survive*. "Thrive companies are always set up to survive because they employ what's called 'steady-state' survive. So they built the critical metrics on the survive basics, what I call the four C's, cash cost, customers, communication," Rebecca outlines. These core areas ensure organizations are well-prepared to endure economic turbulence without drastic changes.

However, during significant disruptions, teams must shift gears into triggered survive mode, where they must deploy what Rebecca calls "power moves." One of her favorites is repurposing and partnering, which maximizes the value of existing assets to serve new purposes in the changing landscape. "You go through every single asset in the organization, physical, digital, people. And ask one question: can this asset add the same amount of value to the business now as it could before the shock?" she says.

She also stresses the importance of learning velocity. While most companies turn off learning during downturns and instead resort to micro-tracking operational metrics, those that accelerate their learning curve adapt and recover faster. “Organizations that steepen the learning curve move faster and get out of this mode faster than others.”

Thriving Through the Reset Phase

During the Reset phase, Rebecca highlights six critical questions teams must address to build a strategy for growth:

- 1. What’s the situation, and how is it changing?**
 - Start every review with this question instead of asking if you’re ‘on track to plan.’ Being on track doesn’t matter if the situation has changed.
- 2. What does success look like?**
 - Define success clearly, but distinguish between setting a destination (specific outcomes) versus a direction (broader alignment) depending on the level of uncertainty.
- 3. Who are our ideal customers, and what are we offering them?**
 - Simplify this to the ‘who, what, how’ framework, and be ready to challenge assumptions.
- 4. What is our right to win?**
 - Be specific about what makes your team or solution stand out.
- 5. What could stop us?**
 - Identify the key obstacles and focus on addressing only the most important ones.
- 6. What are our must-win battles?**
 - Narrow down your strategic priorities

to four to six essential wins. Avoid the temptation to add more just to keep everyone happy.

Rebecca introduces the concept of friction, explaining that not all challenges require attention. “Think of a rope. Some tension is necessary to do its job, but friction will break it.” Teams should distinguish between minor tensions and actual friction points that could prevent value creation or slow strategic execution. By addressing only the most critical obstacles and letting minor tensions go, leaders can avoid unnecessary distractions and keep their teams focused on growth.

Rebecca urges leaders to avoid the trap of expanding the strategy to make every function or team feel important. “Fairness is not a consideration for strategic priorities. Value creation is. Get great at communicating that we’re all equally important, but that’s not the same for strategy.”

Learning to Thrive

Rebecca reminds us: “If you remember only four words from this, remember these—learn faster, grow faster.” The best time to grow is during times of uncertainty when learning loops are naturally accelerated. By building internal predictability, organizations can survive market shocks and emerge stronger, more resilient, and better prepared to seize new opportunities.

In the end, thriving through uncertainty requires a mix of strategic foresight, agility, and the ability to adapt quickly. For innovation teams, the path forward lies in embracing internal predictability and a focus on context, agility, reliability, and execution. Innovation teams can turn uncertainty into their greatest advantage with the right mindset and framework.

▶ The One Thing High Impact Product Teams Have In Common



Matt LeMay

Product Leader, Advisor & Author of *Product Management in Practice*



Uncertain economic circumstances often lead to difficult conversations. For Matt LeMay, product leader and author of *Product Management in Practice*, these kinds of conversations that are happening now in the product world are long overdue. As businesses navigate leaner times, all areas of the business face greater scrutiny, with increased pressure to provide a return on investment or, at the very least, demonstrate a contribution to organizational goals. Matt discusses how product teams can respond to these challenges.

Building Products The Right Way

Product management has come a long way as a discipline in the last couple of decades, with an increased focus on developing best practices. Yet as teams have sought the right way to build products and services, and ultimately create products that meet customer needs, has anything been lost in the mix?

“A lot of the conversation about best practices has specifically been about emulating a certain set of well-documented big tech companies,” says Matt. “The reason for that makes sense, because product development is difficult. It involves a lot of ambiguity, which is scary—and so there’s been this wish to say, ‘Okay, well, who are the companies who have really succeeded, and how are they doing things?’”

But the problem is that if you look at the commercial circumstances of those companies, they’re really hard to replicate. And in a lot of cases, they aren’t circumstances you’d want to replicate either. For example, Spotify had its first profitable

quarter in 2018, which was long after a lot of companies had started looking at the Spotify model and saying, ‘oh, we need to do exactly what they’re doing.’”

Amazon is another good example, according to Matt. “A lot of companies borrow best practices from Amazon, but this is a company that has so much cash that they’re in a very different situation from most of the companies that are trying to emulate them.”

Facing Reality and Asking the Right Questions

With the desire to follow best practices not always aligned with commercial pressure, then, where do product management teams go from here? For Matt, this is about facing the existential reality of the business.

“You can say that something isn’t the right way of doing things, that it’s not how you were told to do things,” he says. “But if that’s the existential reality of the business, then that’s the existential reality of the business.”

When the CFO is looking at your team as a line item and asking what you’re delivering

for the business—if you as a team aren't having that conversation and don't know what the answer is, it puts you in a really tenuous position.”

In order to first understand, and then to prove their business worth, teams therefore need to ask themselves the right questions about their work. This requires a focus on their impact: on what the goals of the business are, how the team contributes to these goals, and how they are measuring this contribution.

Working With Impact

As Matt notes, the impact a team can have often depends upon things that are outside of their control, such as fluctuations in the market. It's not possible to generate new growth in a user base, for example, if demand for a product simply isn't there.

That said, focusing on impact does enable a team to tie its work to the fundamental success of the business. And it's not always about profit, either. “In the product and design world, we consider the feasibility, desirability and viability of products,” Matt says.

“But what viable means is super different from a business to a business and from a team to a team. If you're working on a product where you're venture backed and the aim is to grow at all costs, or if your team is focused on exploring new business models and innovating, then you might not want to be thinking about profitability at all...”

“One of the challenges here is that there is no absolute standard for what an impactful product is.” For Matt, all of these variations, and the inherent difficulty of product development as a practice, mean a flexible approach is required—even when frameworks are used.

“There's been this debate around whether or not product managers should be responsible for the profitability of their product, and it's really tough to answer that, because the honest answer is that it depends on your product. It depends on your business, on your business model and your funding model, on what people are expecting and what promises have been made,” he says.

“One of the truths of product development is that it is really difficult. And part of why I like doing this work is that good frameworks exist to facilitate conversation, not to replace conversation.”

What All High-Impact Teams Have in Common

Aligning their work with specific business aims—and maintaining clear sight of these aims at all times—enables teams to succeed. But there's another crucial ingredient in the mix: specificity.

“I have found very consistently that the highest performing teams have goals that are both high impact and high specificity,” says Matt. “That is to say that their goals are no more than one step away from something that the business really cares about, and they're specific—they need to achieve a specific number by a specific date.

Sometimes teams are really reluctant to commit to this because if a goal is high impact, then it's outside of your control. So something that is high impact and has high specificity means that you are promising to accomplish something that is outside of your control.

It's human nature to resist that. Like, ‘how can we commit to getting 1000 new users on the platform? How are we supposed to do that? What happens if we can't?’ These are all reasonable fears and questions, but until you

have those specific numbers, you can't have the conversations you need to have."

Indeed, without a clear view or commitment to the specifics, it becomes very likely that different parts of the organization—or even people within the same team—have different ideas about what success means, and what they are working towards.

This inevitably leads to anxiety, and can particularly affect the success of innovation within a business.

"I've worked with a lot of teams that are innovation teams or innovation adjacent teams," Matt says. "The thing that has hurt them the most is a lack of clarity around what they are accountable for. Are they responsible for business impact, for revenue, for profitability, or for something else like strategy or initiative? There can be a lot of anxiety around what is really expected of them.

If this conversation isn't had explicitly, then that anxiety, that lack of clarity, can put teams in a weird middle position where they're not really exploring new things, but they're not really succeeding in old paradigms either. And that's one of the main reasons I see some of these innovation focused teams fail."

Clarity and Transparency Make for Happier Teams

Even with the pressure to achieve their goals, for Matt, high impact and high specificity teams are always happier because they have clarity on what's required of them, and they know that their success is aligned with the success of the business.

"The unhappiest product people I've worked with are the ones who see their job as to transform the organization single handedly, to get it to be product led, or user centric,

or just to fight the business in some way," he says.

"There's been an unfortunate tendency among some product teams to take an oppositional pose towards the business at large, to work on stuff that's interesting and stuff that 'really matters', no matter what the big bad business might tell them to do. But at the end of the day, the big bad business is writing your checks, the big bad business is why you have a job."

Once teams are able to recognize this, it also makes it easier for them to handle the difficult conversations and trade-offs that inevitably occur. "When goals are navigated in the open, trade-offs can also be navigated in the open," Matt says.

"There's an example I use in the book. Imagine you're working on a team that handles subscription revenue, and you realize that you have a number of users who are paying the subscription but never use your product. What's the ethical thing to do? Do you send them a message and say, 'Hey, we noticed you haven't been using the product, and we don't want to take your money for no reason?'"

To answer this, teams need to consider how much revenue is at stake, what they're responsible for, and the ethics of the company at large. "If your team is responsible for a huge amount of revenue, and the unused subscriptions represent a tiny amount of revenue, then it might be worth sending that message, because you're creating goodwill and that is really important," says Matt.

"On the other hand, if those subscriptions represent the same amount of revenue your team is responsible for, then it's a different conversation to have, because you might be putting the business in an unsustainable

situation by doing what feels like the right thing.”

As Matt notes, having these conversations is really important, but it requires clarity over what the business impact needs to be. This kind of clarity and transparency is hugely beneficial to an organization, not only for the way it enables the work of individual teams, but also because it encourages collaboration.

“A lot of impactful things are harder to do in

your own little corner of the organization. It breaks my heart a little bit when teams try to make their remit narrower and narrower so they don’t have to deal with dependencies, only for that team to no longer exist because they’re not having a big enough impact.

This wish to make everything autonomous and loosely connected, to eliminate dependencies at all costs, doesn’t reflect the reality of building complex products,” he concludes.

Seeing With Different Eyes: How Neurodivergent Thinkers Drive Innovation



Simone van Neerven
Founder at reBella



The world has changed, and we need to redefine how we think about and measure intelligence. It is time to shake things up and acknowledge the skills the world needs. We need more innovators, problem-solvers, and change-makers. The ones who see the world with different eyes and think unconventionally, and neurodivergent people excel at that, suggests Simone van Neerven.

Single-Minded and Relentless

In 2017 and 2018, while ramping up manufacturing for Model 3, *Tesla* faced major bottlenecks and was under enormous pressure to meet production targets. During this “production hell”, as Elon Musk calls this period, he rarely left the factory and slept on-site quite frequently, often just catching a few hours on a couch or the floor. This way, Musk could stay close to the action, work long hours, and be available to address issues in real time.

That repeated at *SpaceX*. In the early days, Musk was so committed to making

the *Falcon 1* rocket a success that he not only invested much of his personal fortune but also poured in relentless hours, often sleeping in the factory or nearby. His commitment went far beyond that of most CEOs, and he often was on the ground with his engineers, obsessing over details and pushing for solutions to incredibly complex engineering problems.

Hyperfocused and Unconventional

Musk’s companies, including *SpaceX*, *Tesla*, *Neuralink*, and *The Boring Company*, have pushed the boundaries of space exploration,

electric vehicles, renewable energy, and neurotechnology. His ability to focus intensely on complex, long-term goals and his unconventional approach to business are crucial to his success.

Because of his extremely logical and pattern-based way of thinking, he sees possibilities others miss. He challenges conventional wisdom and easily builds new approaches to persistent problems, as he is less constrained by traditional assumptions.

Wired Differently

Musk is open about his neurodivergence, mentioning that he has Asperger syndrome, a form of autism spectrum disorder. Often, his success is attributed to his neurodivergent traits. Neurodivergence is a term used to describe variations in the human brain and how people process information, think, and learn.

Rather than viewing brain differences as deficits or disorders, neurodivergence recognizes these differences as part of the natural diversity of human minds. The concept promotes an inclusive view, suggesting that neurodiverse traits are simply alternative ways of thinking and perceiving the world rather than wrong or broken ways.

Different Types of Neurodivergence

Neurodivergent thinkers have cognitive and behavioral differences, impacting their communication, sensory processing, attention, and emotional regulation. Neurodivergence comes in a range of conditions and variations, each with unique characteristics, strengths, and challenges. Some examples are:

1. **Autism Spectrum Disorder (ASD):** A developmental condition affecting social

interaction, communication, interests, and behavior, often associated with intense focus, attention to detail, and strong pattern recognition abilities.

2. **Attention Deficit Hyperactivity Disorder (ADHD):** Characterized by challenges with attention, impulsivity, and hyperactivity, ADHD can also lead to high energy, creativity, and spontaneous problem-solving.
3. **Dyslexia:** A learning difference that primarily affects reading and language processing, but individuals with dyslexia often have strong spatial reasoning and creative thinking skills.
4. **Dyscalculia:** A learning difference that affects the ability to understand numbers and mathematical concepts, though those with dyscalculia may excel in non-mathematical areas like visual or verbal creativity.
5. **Obsessive-Compulsive Disorder (OCD):** Characterized by repetitive thoughts and behaviors, OCD can contribute to high levels of focus, precision, and thoroughness in areas of interest or work.

Most of these come in a spectrum; some people barely show any signs, while for others, it can have a significant impact on their daily lives.

It's Not a Weakness, It's a Strength

Although neurodivergence is often stigmatized, there are many examples of people using it to their advantage:

Greta Thunberg, an environmental activist, has spoken about her Asperger's as a superpower, allowing her to channel her intense focus and passion into climate activism. Her ability to focus on a single cause has made her a powerful advocate for environmental change, inspiring millions to act.

Richard Branson, founder of *Virgin Group*, has credited his dyslexia with helping him create and manage businesses innovatively. Dyslexia often contributes to strong spatial reasoning and visualization skills, which Branson has leveraged to create engaging customer experiences across *Virgin's* diverse portfolio.

Anthony Hopkins, the actor, has brought a profound intensity to his roles, including his Oscar-winning performances in “*The Silence of the Lambs*” and “*The Father*.” His autism contributes to his intense focus and dedication to his craft, and he has said it allows him to connect to his characters in a unique way.

David Neeleman, founder of *JetBlue Airways* and *Breeze Airways*, attributes much of his success to ADHD, which he says gives him the ability to think creatively and handle multiple tasks. His innovations in the airline industry, such as live TV on flights with *JetBlue*, have transformed passenger experience and set new industry standards.

Satoshi Tajiri, the creator of *Pokémon*, has a hyper-focus on insects thanks to his autism. His unique way of processing the world inspired the concept of *Pokémon*, which became one of the most successful franchises in gaming and media history. His creativity and ability to design a complex, immersive world have a lasting impact on gaming and popular culture.

Steve Jobs was never officially diagnosed, but he displayed many traits associated with ADHD and OCD. His perfectionism, intense focus, and outside-the-box thinking led to iconic products like the *iPhone*, *iPad*, and *Macintosh*. His ability to focus on user experience and design set new standards in the tech industry and changed how people interact with technology.

A Super Booster for Innovation

The one thing they have in common is that they see the world with different eyes. They bring a unique perspective and think unconventionally, which allows them to question assumptions and develop creative solutions to long-lasting problems. They tackle challenges differently, often seeing solutions that others miss. Their resilience, often developed through overcoming personal challenges, drives them to persist through setbacks. These are all critical assets for successful innovation.

Challenges

Although neurodivergent people can bring much value to a team, leaders may face significant challenges. Neurodivergent people often find standard manners, communication styles, or work routines difficult. They can come across as blunt or anti-social. If leaders and co-workers don't fully understand their strengths and struggles, misunderstandings or even conflicts happen easily.

Circling back to Elon Musk, known for skipping small talk and communicating in a direct and sometimes abrasive style. During a design review meeting at Tesla, he walked in and quickly zeroed in on technical flaws with a directness that left some team members reeling, feeling it was unfiltered criticism.

Cherish Your Rebels

However, those who worked closely with Musk found that once they adapted to his style, they learned to value his honesty and the clarity it brought to problem-solving. Rather than avoid someone who acts differently, appreciate a different perspective and learn to deal with the discomfort that comes with it.

Once you understand that cognitive diversity offered by neurodivergent thinkers is not a threat but enriches the team and leads to

better outcomes, embracing the rebels in your team is much easier.

▶ The 5 Conditions For High-Performing Innovation Teams



Helene Cahen

Innovation Strategist, Trainer, Facilitator and Coach at Fire Up Innovation Consulting, Author and Speaker



With the right people, process, structure and mindset—innovation teams flourish. Teamwork makes the dream work. Together Everyone Achieves More. If everyone is moving forward together, then success takes care of itself...

As clichéd as these kinds of quotes may be, they all point to an undeniable truth: working together helps us achieve more. Nowhere is this more important than innovation, where great things rarely happen without a group of focused, talented people coming together to experiment with new ideas. But how can we create the right conditions for these teams to succeed?

Helene Cahen—the founder of *Fire Up Innovation Consulting* and an innovation consultant, facilitator, trainer, and coach, explores five key principles for supporting and sustaining high performing innovation teams.

1. Build The Right Team, With Diversity of Perspectives and Backgrounds

Innovation professionals broadly share a common mindset. They have to be comfortable dealing with ambiguity and uncertainty, they must be curious—with a willingness to explore and discover new things—as well as being able to work well within a team.

In spite of these shared characteristics, it's also incredibly important for teams to be

diverse. Having multiple perspectives on a problem helps teams to avoid blind spots, providing a greater variety of ideas that increase the likelihood their work will resonate with a broad audience.

When thinking about their diversity, teams should consider:

- Diversity of life experience such as race, gender, sexual orientation and background
- Diversity of jobs and roles on the team
- Diversity in terms of how people think and solve problems

This last point—diversity of thinking—can be difficult to manage as it throws up practical challenges for teams to navigate throughout their work.

That's because our thinking styles lead us to focus on different elements of the

problem solving process. Some of us might have a natural preference for clarifying the problem—asking lots of questions. Some might prefer to spend time on ideation, while others are keen to get going with developing and implementing a solution.

This can cause frustrations when people with different thinking styles work together. A team member asking lots of questions about the problem, for example, is likely to irritate someone who just wants to begin solving it. However, being aware of these preferences enables teams to use them positively, being more intentional in their process and better recognizing the unique contribution of each team member.

It's therefore valuable for teams to invest in tools and exercises to discover their individual and collective preferences, to understand their team dynamics and collaborate more effectively. If the team knows that as a whole it has a low preference for ideation, for example, it can put processes and clear objectives in place for this phase. This will ensure enough quality ideas are generated for a successful overall innovation program.

2. Be Clear On The Process, And Have Someone To Support It

Innovation teams need a clear, shared process to follow. Ideally, they also need a facilitator to support this—someone who can focus on designing the process, facilitating group sessions and asynchronous work, and managing the logistics of getting the team from A to B. This leaves the team free to focus on contributing the content.

The facilitator:

- May or may not be a member of the team

- Can either be internal or external to the organization
- Could be dedicated to the project in question or on rotation with other projects

What's most important is for a facilitator to have specific training, and to be given enough time to create and uphold the project's structure and process. This means sufficient time to prepare before meetings with the team, the ability to focus on managing meetings rather than having to contribute content (or at least the ability to prioritize facilitation over content here), and the opportunity to follow up with the team after each meeting with insights and next steps.

Aside from dedicated facilitators, the importance of process within innovation is demonstrated in things like decision making and voting criteria.

When ideas are evaluated, for example, everyone needs to use the same criteria to make their decision. This helps teams to be as objective as possible, preventing ideas from being selected based on what people like, instead of ones aligned with the project's goals.

Ultimately, using a clear process and managing it well leads to better outcomes in innovation because it helps to give everybody a voice, improves collaboration and reduces conflict, and ultimately improves the efficiency of projects.

3. Know Your Users, Spend Time With Them, and Get Their Feedback

Putting users at the heart of the innovation process is essential. This enables teams to avoid internal biases and challenge their inevitable assumptions around their users' behavior, wants and needs.

In order to do this, it's a good idea for innovation teams to regularly spend time with their users. Consider having each team member spend a minimum of an hour a month listening to their feedback, observing what they do, or even being fully immersed in their world.

The question of who users are is important here—and it's not just end users. It's more effective to think of users as everyone who is going to be impacted by an innovation.

This is likely to be a broad range of stakeholders including parties like other internal functions within the business, management, organizational partners, clients and retailers.

When innovating in a user-centered way, it's important to give users a way to assess your concepts as early and as often as possible by providing feedback on rough prototypes. A rough prototype could be a drawing, an AI generated concept, a 3D version of a concept built from arts and crafts, a flow chart, or even a video skit of the new experience.

In the early stages having a visibly rough prototype may be beneficial and encourage honest opinions, as it doesn't look like a lot of time or effort has been spent on a solution.

4. Be Ready To Fail

Attitudes towards failure can make or break an innovation team. Given that 75–90% of new products fail, it's best to start off by assuming things won't go according to plan... Once armed with this assumption, the question is then how to manage it.

It's important for teams to:

- Create the right expectations within the organization about failure, communicating

to the innovation team itself and to leadership that it's a normal and healthy part of the innovation process

- Ensure failures are turned into learning opportunities, so any mistakes aren't repeated next time. When your project fails, are you dedicating the time to really find out why?
- Fail early before it is too expensive. Innovation is all about iteration, so don't invest too much time, effort or money in a solution before you give it the chance to fail.

5. Build a Company Culture That Supports Innovation—And Knows Where To Draw The Line

Building on from the previous point and the last entry in this list is a simple question for your organization... What happens when the team fails?

Organizations need to encourage risk taking and experimentation in their innovation teams in order for them to be successful.

If an organization is unable to embrace the failure of a project, then innovation is impossible as it prevents people from taking risks or trying anything new. But they also need to be very clear on when to stop, if an idea isn't working.

One of the best ways of promoting innovation within an organization is to have an innovation champion—someone who promotes the work, advocates for time and resources, and protects the team when needed. This is often most important in the early stages of a project, when leadership is more likely to seek reassurance that the work being undertaken is worthwhile.

Considering these five conditions may help you set up or manage your innovation teams

better and increase your chances of success. Like everything in innovation, it's important to adopt a prototyping attitude, try new things

and take time to debrief about what worked for your team and what to change or improve.

▶ Good Teams vs. Bad Teams: Understanding Thinking Preferences



Sarah Thurber

Managing Partner at FourSight and Author of *Good Team, Bad Team*



Sarah Thurber is a managing partner at *FourSight* and co-author of *Good Team Bad Team*. As a leading expert in creative problem-solving, she understands what makes or breaks innovation teams. Drawing from decades of research and practical applications, she emphasizes the critical importance of collaboration, cognitive diversity, and self-awareness in driving successful innovation.

The Role of Team Dynamics in Innovation

Sarah asserts, "Innovation is a team sport. It requires collaboration, co-creation, and cross-functional cooperation." While organizations often focus on training innovation teams in techniques and tools, success hinges on broader organizational alignment. "If R&D, finance, sales, IT, and marketing don't work together, your innovation won't succeed, no matter how good the idea or research is," she explains.

Many innovators will feel the struggle of convincing other teams to get on board with their grand ideas. All too often, innovators will be shot down by those in different departments. "What we discovered in countless conversations with innovators is that they say, 'We had an amazing idea, but you know what? Finance wouldn't fund it.' Or, 'engineering, they didn't get it, they wouldn't build it.' Or 'sales said they couldn't sell it,'" Sarah shares.

However, getting stakeholders on board from across the organization is critical to success. "They're the people who are going to finance your idea. They're going to code it, they're going to build it, and they're going to sell it. And that's a problem because if they fundamentally have some concern about how you're bringing the solution to light, they're not going to help you deliver it," Sarah warns.

This challenge drove her team at *FourSight* to expand beyond innovation-specific training and develop problem-solving tools that help teams be more creative, collaborative, and effective at solving problems together. Firstly, in order to discover what makes a good team excel, it's essential to identify what makes a bad team bad.

Why Innovation Teams Typically Fail

According to a recent report by *Harvard Business Review*, the vast majority of innovation labs, up to 90%, one expert says,

fail to deliver on their promise. So, why do so many innovation teams fail? Some common reasons include misalignment with business goals, lack of measurable metrics, and an imbalance in team dynamics.

Sarah explains that teams struggle due to the way people think. “Welcome to problem-solving on a bad team. Actually, on a typical team because people have thinking preferences.” Different people solve problems differently, and these various approaches can cause tension and misunderstandings. “The team ends up with a thinking problem. Instead of wrestling the problem, they start to wrestle each other.” The result, Sarah explains, is that even well-intentioned teams falter when they cannot navigate cognitive diversity effectively. To get to the bottom of this mystery, Sarah and her team performed comprehensive research to understand how and why people solve challenges so differently.

Introducing the Foresight Thinking Profile

The foundation of Sarah’s approach lies in understanding cognitive diversity and how people prefer to solve problems. Using the Foresight Thinking Profile, developed over 20 years and supported by six million data points, she identifies four distinct human thinking preferences:

1. **Clarify:** Understanding the right problem to solve.
2. **Ideate:** Generating creative solutions.
3. **Develop:** Shaping ideas into actionable solutions.
4. **Implement:** Executing solutions effectively.

Individuals and teams often unconsciously favor certain phases, leading to an imbalance. For example, finance teams tend to excel in clarifying and analyzing metrics but may

struggle with ideation or developing creative solutions. Whereas, engineers are great at developing detailed, feasible solutions but may struggle with ideation or implementing at speed.

The Foresight Thinking Profile takes 10 minutes to measure and provides a simple graph visually representing a person’s energy levels across the four stages. “It’s not a measure of your capacity to do the types of thinking required for innovation; it’s a measure of your preference for each of those things,” Sarah explains. Armed with this knowledge, innovators and companies in general can better understand their team’s composition and take steps to address the imbalances.

The Energy Wave and Its Impact on Creativity

One of the main findings from Sarah’s research is that an individual’s energy fluctuates across these four thinking stages. The “energy wave” represents a person’s preference for specific types of thinking. For example, a person with a high preference for ideation may become excited and engaged during a brainstorming session but feel drained when required to focus on clarifying the problem or developing an implementation plan.

This change in energy level influences the individual and how teams can unintentionally create imbalances if they don’t account for varying preferences. Sarah emphasizes, “A homerun solution requires all four types of thinking,” and recognizing the energy wave is crucial in building balanced, effective teams.

The Typical Thinking Profile of an Innovator

Based on the research, a distinctive pattern emerges when examining the cognitive

preferences of innovators. “Innovators have a huge preference to ideate and a very low preference to clarify and develop. They have more energy to implement, but nothing like the level of energy to ideate,” Sarah outlines. In stark contrast, staff profiles from other departments, such as finance or sales, clearly show that certain types of thinkers are attracted to certain kinds of functions. “Different jobs really do attract different types of thinkers,” she highlights.

This mismatch between a strong tendency for ideation and a low tolerance to clarify is a problem for innovation. “Ideators love to talk about big ideas. What they don’t like to talk about turns out to be things like alignment with business and clarifying metrics. It’s a built-in ‘hole in the bucket’ when trying to move an idea all the way through an organization,” she explains.

Sarah stresses the importance of addressing this in an organization. “Creativity is not enough. You need innovation, and for innovation, you need scale. And for scale, you don’t just need your team. You need every team.”

Building Balanced Teams

By understanding thinking preferences, teams can avoid common pitfalls, such as the echo chambers created by like-minded members. “We like to think with people who think like we do, people who share our thinking preferences because they’re so smart. But, when that happens, we get this echo chamber of how we should be thinking about an idea or an innovation.” Successful teams, therefore, must cultivate cognitive diversity and foster mutual respect for differing approaches.

IBM conducted a study back in 2008 to answer the question of why their innovation teams were struggling. What they found

was that each team profile they tested ended up with some kind of problem they couldn’t fit, except for the “foresight” team. “That team had the unique combination of teaching people self-awareness and process awareness,” Sarah notes. Therefore, teams that thrive have that “secret sauce” of the two combined.

Selling Your Big Idea

Sarah acknowledges the cultural barriers to innovation, particularly in large organizations. Resistance often stems from entrenched processes, risk aversion, and internal politics. However, she remains optimistic, highlighting the importance of involving other teams early in the innovation process and involving them in a way that plays to their thinking strengths.

Rather than presenting a polished, final idea, she advocates inviting others to contribute through their distinct thinking preferences. “When you present a finished idea, you’re asking for a yes or no. But if you involve others early, seeking their clarifying or developing input, they become invested and are more likely to champion the idea,” she explains. This approach improves buy-in and ensures the solution aligns with broader organizational needs.

You can tailor your communication accordingly when you understand how diverse teams think. It turns out that all those who don’t like to ideate are those who work in finance, operations, engineering, and IT. They are the people innovators need to work closely with to get buy-in for their projects.

“Implementers” found in a finance team want to know the bottom line. “What needs to be done? By when? What results can we expect? What will you do? How can we try it fast?”. “Clarifiers” from operations want to know if an idea is on target. “How does it align with the business strategy and priorities? Where

does it fit in the market? What problems does it solve for our users? How do we know it will work?"

This powerful knowledge can help innovators navigate communication more successfully with these distinct thinkers.

How to Create “Homerun” Innovation Teams

Sarah’s message is clear: successful innovation requires teams to embrace cognitive diversity, align on shared processes, and collaborate effectively. The key to creativity lies in balancing the strengths of each thinking profile. “Creativity comes from a profound mix of clarifying, ideating, developing, and implementing energies. The

idea is to have a more balanced innovation team or at least an innovation team that’s supported by all those other types of energies,” Sarah suggests.

When individuals acknowledge their own preferences and limitations, they can strategically bring in others to fill the gaps. This approach ensures that the whole creative process is addressed and creates a culture of respect and shared purpose. As Sarah reminds us, innovation is not a solo endeavor; it is the collective effort of a balanced and collaborative team. By understanding and leveraging diverse thinking preferences, organizations can consistently turn creative ideas into scalable, impactful solutions.

More Time, More Energy, More Focus



Elvin Turner

Innovation culture advisor, MBA Associate Professor, and best-selling author of “Be Less Zombie: How great companies create dynamic innovation, fearless leadership, and passionate people



As innovation professionals, we’re familiar with the core building blocks of innovation performance—processes, capabilities, systems, resources, and metrics. However, a critical piece often feels out of our control: the time, focus, energy, and motivation people need to fully engage in innovation.

Yet, Elvin believes we’re perfectly positioned to play a major role in building this organizational “innovation capacity.” By taking insights into human performance and applying our experimental mindsets and innovation toolkits, we can help shape environments where strategic and creative capacity can grow.

The “Four Spaces” of Innovation Capacity

As part of his innovation culture practice, Elvin help teams significantly grow their innovation capacity using a framework called the Four Spaces:

1. Head space
2. Heart space
3. Soul space
4. Body space

Each “space” addresses a different dimension of human capacity essential to innovation,

revealing opportunities to unlock the cognitive, creative, and relational capacity needed for sustained innovation.

The spaces are based on about 50 factors that help identify where capacity is strong or weak. This framework allows teams to pinpoint areas where small, targeted changes can produce significant benefits. Here, we'll focus on practical strategies in three key areas:

- Increasing organizational time for innovation
- Improving the quality and value of that time
- Resourcing our brains for maximum innovation performance.

Reclaiming Time for Innovation

"I wish I had more time to think" is one of the most common frustrations Elvin hears from leaders and teams. People want to innovate but feel overwhelmed by meetings and bureaucracy. And it's true, we do spend a lot of time in meetings. Research shows that we spend around three years of our lives in meetings, with 83% of leaders stating that most meetings are a waste of time.

Meetings often lack clear objectives, involve too many participants, or overrun their allotted time. All things that we could take more control of if we wanted to. And this is part of the problem because we've learned to let meetings "happen" to us passively.

But it turns out there's an even bigger drain on our time than meetings. According to *The Economist*, 28% of our time is taken up by interruptions. Along with the recovery period that our brains need to refocus after an interruption, this adds up to 1–2 hours a day—over a day every week—and ultimately around ten years across a career. Ten years of wasted time and energy!

Distractions eat more than three times the amount of our time than meetings. Tackling just these two issues alone can create at least an extra hour of innovation capacity every day.

Creating Space for Important Work

The highest performers I meet consistently adopt one non-negotiable habit. They block three to four uninteruptible, two-hour blocks across the week for their most important work. They show up to these "appointments with themselves" with the same energy as meetings with other people. Morning slots often work best, aligning with most people's natural peak performance times. Teams that synchronize "deep work" hours further reduce interruptions, creating a shared culture of focus.

For leaders who struggle to protect this time, reframing it as a responsibility can help. Ask yourself: "In three years, what will we wish we'd spent more time thinking about today?" And "What is the minimum responsible amount of time a team like ours should dedicate to those issues?" These questions help shift thinking time from a perceived luxury to a strategic necessity that the organization depends on us to steward well.

Shifting our meeting mindset is another way to reclaim time. High-performing teams view meetings as subjects for continual experimentation. "What does a 'minimum viable meeting' look like to achieve this outcome?" they wonder.

Default meeting durations shrink from 60 minutes to 15 or 30 minutes. On review, they agreed that the meeting was too short. But rather than reverting to 60 minutes, they add five to see what happens. Other

teams trust participants to choose how long they should stay in meetings, an approach based on open space technology principles. Regular feedback, such as “Trip Advisor” style reviews for meetings, ensures continuous improvement and relevance.

How likely would people recommend your meetings to colleagues? What if your team became known for running the best meetings in the organization? It’s just a choice that I believe every innovator should explore.

Amplifying Every Hour

Reclaiming time is essential. However, increasing every hour’s “return on investment” is equally important. Workplace distractions don’t just consume hours; they damage cognitive and creative abilities. A distracted day can lead to 50% more stress, 40% more mistakes, and 40% lower productivity.

Multitasking is one of the worst self-imposed distractions that “double-books” your brain, reducing efficiency and making it harder to return to deep work. Notifications from tools like *Microsoft Teams* and smartphones also undermine focus. Research shows that simply hearing a notification reduces cognitive performance, even if you don’t respond.

Open laptops in meetings are equally problematic. Studies reveal they degrade decision-making, communication, and relationships while increasing cognitive fatigue. Companies like *Apple*, *Amazon*, and *Basecamp* have addressed this by banning laptops in most meetings.

To counteract these issues, pursue an “inundistractable” mindset. This involves intentionally optimizing your workspace before starting any task. Turn off non-essential notifications, close unnecessary tabs, and set devices to “Do Not Disturb.” In meetings, distraction-free zones with no

laptops or phones help ensure everyone is fully engaged.

Refueling Your Think Tank

What is your brain’s average performance status across a typical day? Studies show that most of us inadvertently invest in *reducing* our brain performance at work and don’t even notice it happening. What’s going on?

In Elvin’s Four Spaces research, most people say they work for 90–120 minutes without a break. But waiting that long for a break significantly reduces creativity and overall cognitive performance without us realizing it.

Neuroscientists recommend taking a 2–3 minute micro-break every 25 minutes to reset cognitive function. Activities like walking, stretching, or engaging in positive social interactions are particularly effective. Every 90 minutes, longer breaks of 10–15 minutes allow the brain to fully recover and align with our body’s natural ultradian rhythms.

Establishing a culture where breaks are viewed as an investment in innovation rather than an indulgence can transform individual and team performance.

Blood Sugar Sex Magic

For Elvin, innovation is a cocktail of logic and magic: robust, analytical thinking sparking with stimulated imaginations. Our brains consume 20–25% of the body’s energy, and blood sugar plays a critical role in creativity, decision-making, and emotional regulation.

When blood sugar drops, it impairs the prefrontal cortex, leading to mental sluggishness and more conventional thinking. Spikes, on the other hand, cause overstimulation and mental fog, reducing clarity. Not ideal when analyzing data or making innovation pipeline decisions.

You must charge your brain with low-glycemic foods to fuel demanding innovation tasks. Nuts, seeds, berries, oatmeal, and dark chocolate are excellent options. Not only do these foods stabilize blood sugar, but they also provide brain-boosting nutrients like omega-3s and antioxidants.

Think about it this way: balanced blood sugar is a micro-source of “cognitive competitive advantage.”

We Are the People They’ve Been Waiting For

Solving the capacity issue is perhaps one of the greatest opportunities in the modern workplace.

Everyone wants it, but few are deliberately pursuing it. Who better to lead this evolution in innovation culture than us?



It’s hard to recruit and retain the right talent for corporate innovation teams because...

... frankly, no one wants to sign up for innovation theater. It’s easy when corporate innovation has a big impact on the business.

Christian Mühlroth, ITONICS

... successful innovators require a rare combination of entrepreneurial mindset, technical expertise, and corporate savvy, while also being willing to work within organizational constraints rather than pursuing their own ventures. These individuals must navigate complex organizational politics, drive transformative change while managing short-term expectations, and maintain their creative drive despite bureaucratic obstacles. Additionally, they need to effectively bridge the gap between innovative thinking and practical implementation within established corporate frameworks.

Sandra Nešić, Zavis Consulting

▶ Top 10 Generative AI Tools for Innovation Teams



Mary Lague

Partner, Innovation Insights at Pilot44



Generative AI (GenAI) is reshaping how corporate innovation teams approach ideation, research, and execution. Mary Lague, Partner and Head of Insights at Pilot 44, a brand innovation and venture building studio, brings her expertise to the forefront.

She shares the many different ways generative AI tools can transform workflows and create new opportunities for innovators.

The AI Revolution in Innovation

The projected value of generative AI (GenAI) is around \$4.4 trillion in value added to global

productivity. Over 60,000 startups have entered the GenAI space in the past two years. “If you are trying to navigate the space and trying to find tools, it can be very difficult and very overwhelming. There is a GenAI for literally every single step of the innovation process,” Mary says.

The good news is that we are still very much in the early days of generative AI. “If you feel like you’re falling behind, you’re not,” she assures, encouraging innovators to experiment. “Try out different tools for different use cases. See what works for you, what fits within your workflows, and what you’re getting value from. Look beyond just *ChatGPT* and some of the bigger players; there are a lot of really interesting tools that are being custom-built for very specific parts of the innovation funnel,” she shares.

GenAI is excelling in several domains, particularly in improving speed and efficiency. Mary notes that GenAI significantly reduces the time to market by automating labor-intensive tasks like brainstorming and concept mockups. “It’s a great co-pilot for ideation sessions,” she explains, adding that these tools help challenge internal biases and increase collaboration. The ability to visualize concepts early and obtain rapid user feedback further accelerates innovation cycles.

Despite these advantages, she cautions against overreliance on AI. “GenAI won’t create truly new-to-the-world ideas,” she states, emphasizing the irreplaceable value of human creativity and oversight. Mary shares that she treats GenAI like an intern. “It can speed things up and handle time-consuming tasks but needs thorough proofreading and added context. Higher-level oversight is necessary, as only a human can determine if the idea is truly good or not.” Ensuring factual accuracy and assessing feasibility from a human point-of-view remain critical as GenAI outputs often need refinement.

Applying AI Across the Innovation Funnel

Mary outlines a structured approach to leveraging GenAI across different stages of innovation. For market sensing, GenAI tools are invaluable for conducting market research, delivering credible, real-time insights, and uncovering consumer sentiment. In the ideation phase, AI-powered platforms elevate brainstorming sessions by automating tasks like sticky note analysis and generating hundreds of creative ideas in minutes. During conceptualization and design, tools can transform early concepts into high-fidelity prototypes or refine product features and positioning. GenAI can simplify ad creation for commercialization, providing performance predictions based on extensive datasets and enabling direct integration with platforms like *Facebook* and *TikTok*.

The Top Ten GenAI Tools to Accelerate Innovation

Mary shares the top tools that *Pilot44* uses in their daily operations to speed up their innovation processes and leverage the power of AI:

1. **Perplexity:** A GenAI tool for market research that provides valid, real-time insights with visuals and footnotes to support its findings.
2. **Claude:** A responsible GenAI assistant offering accurate, friendly, and personalized interactions with fewer hallucinations than *ChatGPT*, designed to feel like a coworker or friend. *Claude Artifacts* is a relatively new feature that adds a side window to the user interface that can be used to develop concepts and create visual assets to bring ideas to life.
3. **Socialtrait:** A GenAI persona generator delivering quick, directional feedback that validates hypotheses and reflects real consumer behavior.

4. **GummySearch:** A free audience research tool for monitoring Reddit communities and sourcing ideas from specific groups.
5. **Miro:** A visual collaboration platform with an intelligent canvas for creating process diagrams, journey maps, and grouping sticky notes from physical photos.
6. **Seenapse:** A low-cost tool that generates creative ideas and concepts within minutes.
7. **Pika:** A platform transforming text into videos, including animation and video editing from static content.
8. **Pencil:** GenAI for automatically creating winning ads, predicting performance by platform and audience, and supporting collaboration.
9. **Zigzag:** A GenAI companion for navigating the entire innovation funnel, connecting to survey platforms, and funders, and offering free access for up to two startup ideas.
10. **FifthRow:** An end-to-end innovation tool for rapidly creating landing pages and improving ROI at 10x the usual pace.

Emerging Trends and the Future of Innovation Teams

Looking ahead, Mary predicts increased adoption of multi-modal GenAI tools capable of handling inputs and outputs across various formats and greater embedding of GenAI into everyday apps and tools we already use, such as *Excel* and *PowerPoint*. Tools will be consolidated with dozens of startups going out of business and becoming obsolete every time big players like *OpenAI* release new models.

She also predicts that the workforce and workplace will significantly evolve due to the impact of this technology. “Companies are already grappling with change management,” Mary shares, noting a growing need for GenAI governance and the potential reshaping of innovation teams to include roles like Chief AI Officer or AI specialists. Companies will also begin to use dedicated IA governance and security platforms at a grander scale, with “human-in-the-loop AI model and content review” platforms becoming the norm.

She believes that, within the next 5 years, everyone will have an autonomous AI agent that can independently plan and execute tasks for them. This represents the next frontier and something to look out for in 2025 and beyond.

For innovation leaders, the message is clear: adopt a test-and-learn mindset. “The only way to understand these tools is to test them,” Mary advises. Focusing on specific challenges within your own innovation funnel and experimenting with targeted GenAI solutions can drive meaningful results while avoiding the pitfalls of overgeneralization. Setting guardrails and governance frameworks is also essential to manage sensitive materials and confidential data.

As GenAI continues to evolve, its integration into the innovation process will redefine efficiency and unlock new possibilities for creativity and collaboration. Innovators can harness this transformative technology to achieve unprecedented outcomes by staying proactive and adaptive.

▶ Preparing for the Human & AI Innovator Team



Anna-Lena Lorenz

Head of Innovation Process at ABN Amro Bank



With customer needs evolving rapidly and technologies like generative AI (GenAI) reshaping business processes, banks are under pressure to stay ahead. At ABN AMRO Bank, Anna-Lena Lorenz and her team are navigating this transformation by exploring how humans and AI can collaborate to drive innovation. She shares how they are unlocking new possibilities that would be impossible with human effort alone.

Why Banking Needs Innovation Now More Than Ever

A highly competitive market with evolving customer needs means innovation has become vital for the banking sector. “We’re seeing the biggest wealth transfer ever recorded, and with younger generations taking control of finances, we need to address entirely new customer needs and desires.” For Anna-Lena, it’s about survival in an industry that’s changing faster than ever.

At ABN AMRO, innovation is built on three core pillars: human-centered design, lean and iterative processes, and portfolio thinking. These pillars guide their efforts, ensuring every project aims to address real customer issues while remaining adaptable and scalable.

Experimenting with Generative AI

One of the most exciting advancements at the bank is the introduction of generative AI. In a highly regulated industry, Anna-Lena and her team approach this cautiously, starting with just three use cases. Their initial experiments leveraged AI to

streamline routine tasks such as interview script generation, assumption mapping, and ideation.

Anna-Lena explains, “We do a lot of interviews with customers, so we took away the mundane tasks of writing the usual questions,” allowing AI to bring fresh perspectives to ideation. AI proved efficient and effective, prompting the team to continue iterating and expanding its use. At any given time, they tested 15 to 18 initiatives at various stages of the innovation funnel.

They explored a range of AI tools and features beyond basic generative capabilities. For example, they integrated *Figma’s* AI plugins into design stages and actively researched other tools that could enhance specific phases in the innovation process.

Now, ABN AMRO has rolled out GPT tools across the bank, integrating AI at every innovation stage. Anna-Lena’s team has already streamlined early-stage processes by handing over tasks like interview preparation, synthesis of customer insights, and persona creation to the customized GPT. This has significantly enhanced efficiency and accuracy.

A Perfect Blend of Efficiency and Quality

While AI offers an evident boost in efficiency, Anna-Lena stresses that it's not just about speed. "AI also improved the accuracy of our work, catching things we might have missed." Working together with AI produced much more precise results. One benefit they were happy to discover was that humans and machines bring their own biases.

Integrating AI in future scenario workshops balanced human biases with AI insights, allowing the team to explore market possibilities more accurately through combined perspectives. This collaborative approach strengthened strategic foresight and helped identify emerging trends that may otherwise have gone unnoticed.

Another benefit was the ability to continuously test ideas with synthetic users. Her team successfully fed real customer interview data into the AI to create synthetic personas that offer additional insights with promising results. "While I can never go back to the person I've interviewed, I can go back to these users all the time," Anna-Lena explains. This provided continuous and actionable feedback on prototypes and concepts and gave the team a level of flexibility and depth that wasn't possible before.

Use Cases of AI in Action

Anna-Lena highlights several examples where AI has transformed internal processes. One of the most impactful areas has been market research. AI now handles the entire research phase, freeing the team to focus on strategic decision-making.

Another important area is the customer journey. AI plays a crucial role in creating personas and mapping out customer

interactions. "Our teams now collaborate with AI to handle operational details, allowing us to focus on generating and prioritizing strategic ideas together. It's this blend of human and AI input that shapes a strong, market-ready concept," she notes.

In concept ideation, AI has helped generate a wide range of ideas that the team can refine and prioritize. They use a stage-gated, metrics-driven approach to validate and prioritize projects at each phase. Clear criteria help determine which initiatives should receive funding and continue to progress, ensuring a structured, scalable pipeline. "It's the combination of the two that creates a good, solid idea that you can bring to market," she says.

Balancing Human Touch and AI Power

Despite the obvious advantages, Anna-Lena acknowledges that AI can't do everything. The human component is still essential, especially regarding empathy and critical thinking. She believes humans are crucial for asking the right questions and making intuitive connections that AI simply cannot.

One example is in interview synthesis. While AI can summarize interviews and extract key data points, the human element captures the emotional nuances (like facial expressions or tone of voice) that a machine can't fully capture.

"Sometimes, when we summarize the interview with AI, it presents a lot of facts, but it's not what I see in an interview. I describe what I saw in someone's face, a reaction. This is something that the team can add," she emphasizes.

Anna-Lena also stresses the importance of creativity. "The human touch really adds the key benefit. Asking the right questions

to get the right ideation makes it a good output.” Empathy and creativity are core human qualities that are essential in crafting relevant solutions.

A Hybrid Approach for the Future

Looking ahead, Anna-Lena sees a future where human and AI collaboration becomes the norm. “I don’t think we will do it purely as a Gen-AI innovation team. The human component really matters, especially since

we’re working human-centered”.

For Anna-Lena and her team, the journey toward integrating AI into their innovation processes is still ongoing, but the results are promising. “We’re getting new insights, things the human eye would have overlooked or not made that correlation. We get new ideas, discoveries that wouldn’t be achievable without AI.” The future of banking innovation may be uncertain, but one thing is clear: it will be shaped by the seamless collaboration of humans and AI.

▶ How to Keep Elephants Dancing: Talent and Teams in Venture Clienting



Christian Hüttenhein

Entrepreneur, BA, Speaker and Advisor for Venture Clienting, previously Bosch Ventures, Venture Partner of Open Bosch



Christian Hüttenhein puts the spotlight on how venture clienting is reshaping corporate innovation, with a focus on how the right talent and team dynamics can unlock its potential. By highlighting the interaction between startups and large corporations, he offers strategies for bridging operational and cultural gaps while using venture clienting as a lean, impactful tool.

The Changing Face of Innovation

The innovation landscape has shifted dramatically in the past 15 years. Three key factors have driven this shift:

1. **Technology change:** The cost of launching a startup has plummeted, making it easier for small teams to disrupt industries.
2. **The era of cheap money:** Startups received an influx of capital in recent years, allowing them to scale quickly.
3. **Changes in the working world:** Modern work environments favor agility,

ambiguity tolerance, and purpose-driven innovation—qualities that are often difficult for large corporations to embody.

“Startups offer innovation in speed and radicalness that large corporates struggle to match,” Christian explains. With the cost of founding a startup now significantly lower, corporates must recognize startups as key innovation partners rather than competitors.

He underscores the need for corporates to rethink their perception of startups, pointing out that successful startups are no longer just scrappy teams with ideas. Instead, they are experienced professionals deeply committed

to solving specific pain points, often with substantial funding and focus.

Rethinking R&D: Venture Clienting in Action

Christian advocates for leveraging venture clienting to access startup innovations cost-effectively. “Venture capital is essentially free R&D for corporates,” he notes. By partnering with startups, companies like *Bosch* avoid unnecessary internal development costs, instead focusing on adopting ready-made solutions. This approach only accelerates innovation and nurtures a culture of openness and agility.

However, he cautions against outdated corporate practices, such as risk-heavy partnership assessments. “An easy client acts fast,” Christian stresses, suggesting processes like signing NDAs in hours and initiating pilots overnight. These practices reduce friction and position corporates as attractive “easy client” partners for startups.

An aspect of venture clienting that corporates should keep in mind is the issue of IP disputes. Christian stresses the importance of excluding IP discussions during the initial pilot phase to avoid lengthy negotiations. “Mature venture client units have an adoption rate of 50% after the pilot. You don’t want to have time-consuming negotiation talks about IP with the 50% of startups you’re not going to work with,” he explains. Only after the pilot, which typically lasts between 8 weeks to 4 months, should discussions about potential joint IP ownership or collaboration occur. This approach ensures a fair, efficient process that protects both parties’ intellectual property and streamlines decision-making.

Talent as the Driving Force

At the heart of successful venture clienting is talent. Christian introduces the concept of

“corporate-startup DJs,” who are individuals fluent in both the structured corporate world and the dynamic startup ecosystem. “Corporate startup DJs have worked in startups or even founded one and know how to navigate a corporate environment. These individuals play a critical mediator role, ensuring that the startup’s speed doesn’t slow down and that the corporate processes don’t block innovation,” he says.

Christian recommends identifying candidates from within the organization wherever possible. “Hiring internal people is king because a perfect corporate-startup DJ already has the network internally and the know-how of the products and the processes.” He explains that sourcing such individuals from within depends on the existing organizational culture and its openness to individuals pursuing entrepreneurial side projects. If unavailable, hiring externally can be an option.

Finding these hybrid talents can be challenging, but Christian stressed the importance of developing career paths for them within corporations. “If you want to change large corporates, you need people who understand both exploration and exploitation,” he explained, referring to organizational ambidexterity. “In most corporates, innovation is not seen as a career path that leads to the C-suite, and that needs to change.”

Recruit a Detective, Not a Captain

Christian emphasizes the importance of recruiting a “detective, not a captain” in innovation leadership. Unlike a captain, who is focused on driving decisions and pushing forward without fully understanding the complexities, the detective takes a more thoughtful and analytical approach.

The detective's role is to deeply understand and identify the right problems within the organization. They are skilled at analyzing pain points, ensuring that the issues being addressed are strategically relevant, and focusing on thoroughly understanding the situation before jumping to solutions. This careful approach avoids the risk of premature solutions that may lead in the wrong direction.

Building a Systemic Culture

Christian highlights that creating a systemic perspective within organizations is essential. "Don't blame people; blame the roles," he advises, suggesting that corporates must focus on adjusting incentives and structures to align with venture clienting goals.

Additionally, he stresses the need for a balanced approach to leadership in innovation. Borrowing from soccer analogies, he distinguishes between "goalies" focused on risk avoidance and "strikers" who thrive on risk and exploration. Both roles are essential, and corporates must ensure this ambidexterity is reflected at the highest levels of leadership.

Christian underscores the venture client unit's ambassadorial role, mediating between the fast-paced startup and the process-heavy corporate worlds. "Innovation happens when talented, passionate individuals fall in love with a problem and commit to solving it," he concludes.

▶ Creating Innovators, Not Just Innovations



Michael McCathren

Sr Principal, Enterprise Innovation at Chick-fil-A, Inc



At *Chick-fil-A*, innovation is not merely a process, but a culture deeply embedded within the organization's fabric. Their approach is to develop the innovation mindset at all levels, starting with leadership and gradually influencing the entire organization.

Michael McCathren, a senior innovation leader at *Chick-fil-A*, recently sat with Tommy Knoll, heading up *Innov8rs* CoLab, sharing his perspectives on cultivating an environment where innovation thrives.

A Culture That Champions Innovation

Michael transitioned from marketing to innovation and new ventures about seven years ago, and has been involved in setting up an in-house consulting group supporting

internal project teams and business leaders, as well as in running their 30,000 square foot innovation center known as "Hatch," which is a testament to the organization's commitment to innovation.

Michael's journey through academia and his role in teaching an MBA course offered him insights into the innovation processes of over fifty global companies. A common thread among these companies was the presence of an innovation process but a lack of a culture prepared to embrace it.

“The single thread that’s common across all those companies...was that they had a process, but they didn’t have a culture that was necessarily ready to accept that process.”

The gap, as identified by Michael, lies in the leadership’s focus on optimizing the core business, often sidelining innovation due to perceived lack of time or resources. This observation underscores a critical challenge in innovation management: the need for a culture that not only accepts but champions innovation as a core value. This realization has shaped his approach to fostering a culture of innovation at *Chick-fil-A*.

At *Chick-fil-A*, innovation is categorized into several domains, including menu, restaurant design, and processes, each following their established five-step innovation process, yet manifesting differently across departments.

To bring this process to live, *Chick-fil-A*’s innovation culture is structured around three core elements:

- **Coaching, consulting, and facilitating:** they assist teams in navigating the innovation process effectively
- **Culture and community:** They focus on building a culture that embraces innovation, which is crucial for the process to be successful
- **Education and learning:** They offer learning opportunities to all staff, enhancing their innovation skills right where they are

Michael has spearheaded an approach that emphasizes creating innovators as much as it does innovations. This is built on the understanding that for innovation to be truly sustainable, it must be deeply ingrained in the culture and mindset of every individual within the organization, not just encapsulated in processes or projects.

“If you can invest in creating innovators, then over time, they will create innovations.”

At *Chick-fil-A*, they invest significantly in nurturing a culture where everyone is encouraged to think innovatively. About six years ago, they incorporated “We pursue what’s next” into their core values. This statement encourages all employees to think beyond their current roles and consider how they can contribute to innovation, whether through small improvements or significant breakthroughs.

They emphasize leadership skills critical for innovation, such as questioning, networking, observing, and experimenting. Traditional leadership development often overlooks these skills, focusing instead on project management and operational efficiency.

Each skill serves a unique purpose:

- Questioning enables leaders and their teams to challenge the status quo, pushing beyond surface-level understanding to uncover deeper insights and opportunities for innovation.
- Networking, in this context, refers to the ability to connect with a diverse range of individuals and perspectives, facilitating the cross-pollination of ideas and fostering a culture of collaborative innovation.
- Observing is about maintaining an acute awareness of the external and internal environments, identifying subtle shifts or trends that could signal opportunities for innovation.
- Experimenting involves a willingness to take calculated risks, testing new ideas and approaches to learn what works and what doesn’t, thereby driving continuous improvement and innovation.

Embedding Innovation Into Daily Operations

Fundamentally, developing these skills is about creating a safe space for experimentation and encouraging a diverse range of ideas, thereby nurturing a robust innovation culture that permeates every aspect of *Chick-fil-A*'s operations.

“The true test of an innovation culture lies in its integration into the organization’s daily operations.” Michael advocates for a model where innovation is not a separate entity or a special project but a fundamental aspect of every team member’s role.

This requires a systemic approach to innovation, where processes are designed not only to generate new ideas but to ensure these ideas are evaluated, developed, and implemented effectively.

Key to this approach is the concept of “innovation by all,” where every employee is encouraged and empowered to contribute to the innovation process. This democratization of innovation challenges the notion that innovation is the sole domain of a select few, instead promoting a culture where everyone is an innovator.

To support this, Michael highlights the importance of creating spaces and mechanisms that encourage collaboration, knowledge sharing, and experimentation across all levels of the organization, including company leadership.

For leaders to drive innovation, they must be open to influence from others.

This openness requires a departure from the conventional leadership model that emphasizes being the sole originator of ideas. Instead, it calls for a collaborative approach where diverse perspectives are valued, and cognitive diversity is sought after. By actively seeking input from a wide array of individuals, leaders can catalyze the innovation process, making it more inclusive and dynamic.

Moreover, Michael highlights the importance of leaders asking the right questions when new ideas are presented. This approach not only encourages deeper thinking but also fosters a culture where team members feel valued and heard. It’s about shifting the focus from the quality of the idea itself to the quality of the thinking that led to the idea. Such a culture is conducive to innovation because it prioritizes learning and growth over immediate success or failure.

As example, Michael mentions the development of the “Little Blue Menu” project, which initially began as a tenant in a ghost kitchen that evolved into a standalone venture, testing the company’s ability to adapt and learn.

This endeavor required a significant allocation of resources across various departments, challenging their traditional resource management strategies. Despite the obstacles, the project yielded valuable lessons to apply in future initiatives.

▶ How To Live Future Ready



Dr. Fredrik G. Pferdt

Author: *What's Next Is Now* & Google's First and Former Chief Innovation Evangelist



Dr. Frederik G. Pferdt, *Google's* Chief Innovation Evangelist and author of *What's Next Is Now: How to Live Future Ready*, has spent over a decade exploring what it means to be ready for the future. Frederik shares his insights on cultivating a future-ready mindset or, more accurately, a *future-ready mind state*.

No Set Formula

One of the most surprising insights Frederik shares is about his early days at *Google*. "I was traveling to 27 offices with a suitcase full of *Post-its*, pipe cleaners, and *Play-Doh*," he reminisces. "I wanted to understand how *Google* innovates." Despite the company's reputation for creativity, he found that no specific process, environment, budget, or resource made the company successful at innovation. Instead, what truly fueled the company's innovative spirit was a future-focused outlook.

"The teams that consistently came up with breakthrough ideas shared certain deeply human qualities. Those were optimism, openness, curiosity, experimentation, and empathy." Frederik refers to these qualities as the foundation of a *future-ready mind state*, which is the key to unlocking full potential.

Mind State vs. Mindset

Most of us are familiar with the term *mindset*, thanks in part to the work of Carol Dweck. However, Frederik believes that changing a mindset can be difficult because it's tied to deep-rooted beliefs and past experiences.

He explains, "Whenever I'm trying to help people change their mindset, they have a really hard time because it is based on their belief system, values, and past experiences.

It's something that's deeply ingrained."

In contrast, he helps people move away from the mindset into a mind state. "A mind state is your perception at any given moment. It's dynamic, flexible, and something you can control." We can't simply command ourselves to adopt a growth or entrepreneurial mindset overnight. Instead, by shifting our mind state, we can consciously decide how to react to situations and the present moment.

The Power of Shaping the Future You Want

Frederik outlines the need to reframe one's view of the future, shifting from a passive outlook to an active one. "When you start thinking about the future as something you're actively shaping, you're no longer waiting for it to happen; you're taking control."

This shift in perspective is vital for organizations that are often trapped in bureaucratic systems and risk-averse cultures. "When we ask 'What is the future I want to create?' instead of waiting for predictions, we empower ourselves and our teams to take action," Frederik says.

The Future-Ready Dimensions

Frederik identifies five key dimensions of a future-ready mind state:

1. **Optimism:** A belief in a better future.
2. **Openness:** A willingness to embrace new ideas without judgment.
3. **Curiosity:** An insatiable drive to ask questions and explore.
4. **Experimentation:** A mindset that encourages trying new things and learning from failure.
5. **Empathy:** A deep understanding of the needs and emotions of others.

Each dimension represents a quality that can be dialed up to encourage innovation. “The people who are radically optimistic, unreservedly open, and compulsively curious are the people who make a difference,” he emphasizes.

Compulsive Curiosity to Ask Better Questions

Of the five dimensions, curiosity stands out as particularly transformative. “Curiosity is innate, but over time, as we grow older or our organizations grow bigger, curiosity tends to go dormant.” He recommends a simple yet powerful technique for reigniting curiosity—the *Five Whys*. This method helps to uncover the real root of a problem by persistently asking why, allowing you to get deeper into the issue.

Frederik illustrates this with a personal example: “If you’re struggling to maintain a healthy lifestyle, ask yourself, ‘Why am I struggling?’ After five whys, you may discover it’s not about time or motivation but about control. Now you’ve uncovered something real that you can address,” he says.

The Five Whys technique can uncover deeper, often overlooked causes of problems by persistently questioning each answer. Therefore, the next time your team needs to problem-solve, try a ‘question storm’ rather than a traditional brainstorming session as an effective way to unlock new perspectives.

It’s important to take it one step further with compulsive curiosity. “This kind of curiosity is about more than just wanting to know, it’s this drive to keep pushing, to keep questioning, because you’re after answers that no one else has even thought to look for. That’s what propels real innovation,” he says. A relentless pursuit of deeper understanding encourages innovators to explore uncharted territory, uncover hidden opportunities, and approach challenges from fresh angles, ultimately leading to inventive and impactful solutions.

The Chinese Farmer’s Lesson

Frederik tells a parable of a Chinese farmer to illustrate openness. When the farmer’s horse ran away, his neighbors sympathized, saying how unlucky he was. But the farmer simply responded, “Maybe.” The next day, the horse returned with six others, and the neighbors proclaimed how fortunate he was. Again, the farmer said, “Maybe.” This cycle repeated, with good and bad fortune coming and going, but the farmer never passed judgment.

“Openness means withholding judgment,” Frederik explains. “It’s about not immediately labeling something as good or bad, but allowing possibilities to unfold.”

Discovering Your Unique Superpower

Frederik’s final dimension, X-Factor, is about discovering your unique quality that allows you to overcome obstacles. “By reflecting on your past challenges, you can identify what has helped you succeed,” he says. “Once you know your superpower, apply it to the challenges ahead.”

Don’t Wait for Permission

A powerful piece of advice Frederik has for corporate innovators is “Don’t wait for permission.” He encourages leaders and

innovators to take the initiative. Experiment with small actions without waiting for full approval, learn through early testing, and ask for forgiveness if needed. “In innovation, you’ll never have all the answers upfront, so start small, test things out, and learn by doing.”

Frederik’s insights offer a roadmap for anyone looking to navigate the future confidently. By shifting from a fixed mindset to a flexible mind state, cultivating curiosity, openness, and experimentation, and tapping into our unique superpowers, we can all learn to shape the future we want to see.

