POINTERS

Winners: Creating Value in Challenging Times

EXPERT GUIDANCE ON INNOVATION STRATEGY

LETTER FROM THE EDITOR

As we head into 2023, many members of the InnoLead community are facing internal changes and re-orgs —or bracing for market turbulence.

For this issue of Pointers, we wanted to focus on some of the strategies and appproaches that set innovators up for success in challenging times. How do you deliver more value to your colleagues and to customers? What enables you to keep on solving problems and rolling out new offerings, as competitors are paralyzed?

The contributors to Pointers, InnoLead's strategic partner firms, shared their insights on how the best companies and individual leaders do what they do, and how you put these ideas into practice.

We want to extend a special thank you to all of our strategic partners, especially the ones who contributed to this edition of Pointers. We love seeing them at our in-person events, reading their thought leadership pieces, and connecting them with our corporate members through our matchmaking program.

A special thanks to our Assistant Editor, Kate Priddy, and our Multimedia Editorial Intern, Tyler Smith, for their design work on this project, and to our Customer Success Coordinator, Katie Hammaker, for her help collecting the great content in this edition.

You can find all our previous editions of Pointers on our site at https://www.innovationleader.com/pointers.

We hope you find value in this edition of Pointers; if you do, feel free to share it with others in your network. And, if you're feeling inspired and have an idea for a future edition of Pointers, I'd love to hear from you. Feel free to email me at the address below.

Happy reading!

Meghan Hall
Editorial Assistant & Researcher
InnoLead
meghan@innolead.com
www.innolead.com

TABLE OF CONTENTS

Why We Want Mavericks Behind the Wheel: Confident Clients and the Innovation Process

BY KEN GORDON, CHIEF COMMUNICATIONS SPECIALIST, **EPAM CONTINUUM**

Innovation: It doesn't take a village… it takes a big old ecosystem. For EPAM Continuum, successful innovation — especially when we're working with a large company — requires the complex orchestration and arrangement of many different players and voices and instruments.

We need a worthy challenge. A diverse collection of broad-minded thinkers, both within our organization and in the client company. Many relevant users. A dedicated project room. Maybe a few Post-It Notes. (Just kidding; it requires 4.5 zillion Post-Its!) There must also be sufficient time—for ethnographic research, prototyping, and testing.

But one of the most essential parts of the innovation-industrial complex is one of the most rarely noted: an adventurous and dedicated client sponsor. We designate such people with the name maverick.

As Chris Michaud, VP of Experience & Innovation Consulting at EPAM Continuum, writes: "Experience has taught us that innovation doesn't come easy. It requires maverick characters within an organization to champion the vision and drive progress, often in the face of incredibly challenging hurdles."

Michaud points to people like Craig Wynett (Swiffer), Claudia Kotchka (Pampers), John Garibotto (Omnipod), and Paul Litchfield (Reebok pump).

So, what is a maverick?

> ## "…Mavericks are 'open to learning, self-aware, and self-critical. They aren't afraid to be vulnerable in a room. They feel real to people — accessible, sensitive.'"

First off, forget that movie. Instead, look at history. Etymologists will tell you that a maverick is a species of unbranded cattle owned by a non-detail-oriented Texas rancher named Samuel Maverick. They'll inform you that it also derives from Maury Maverick, grandson of Samuel, a liberal Texas congressman who swam against a tide of southern political illiberalism in the mid-20th century.

In the innovation world, mavericks are clients who are equally independent.

We asked some colleagues, and one former client, which behaviors mavericks exhibit when announcing themselves. They were characteristically honest and clear in their responses.

According to Heather Reavey, Head of Innovation Delivery at EPAM Continuum, mavericks are "open to learning, self-aware, and self-critical. They aren't afraid to be vulnerable in a room. They feel real to people — accessible, sensitive."

Mavericks are seasoned professionals who avoid hierarchical attitudes.

"They ask junior people questions, try things and admit failure, and aren't afraid to blurt something out and take it back," she says.

This openness leads to a proper innovation mindset. Mavericks achieve a balance of optimism and pragmatism, says Jon Campbell, our Head of Innovation Verticals.

"They have to believe deeply in the idea(s) and the design approach but be able to practice the corporate dark arts of politics and bureaucracy fighting."

Mavericks don't rush to delegate. They are, says Reavey, players/coaches who roll up their sleeves and get to work. It is an active approach to innovation; one our practitioners truly appreciate.

The mavericks Campbell has worked with "run through walls for the sell-through and development of the concept such that it gets created 'right' and doesn't get malformed in the process of moving through an organization."

But they understand that this behavior can put them in a precarious position. To protect themselves, mavericks must also cultivate organizational respect and influence.

"Doesn't mean they have to have been there a long time," Campbell says. "They need to have the determination and stubbornness of an entrepreneur with the flexibility to adapt the idea as required without ruining the intent."

Reavey agrees and says that mavericks "usually have internal champions, or mentors, who have done blocking and tackling for them, have shown them the ropes."

But mavericks don't go running to mentors when, say, a prototype fails, or a colleague tries to sabotage the project. They are powered by their own internal supply of courage.

Toby Bottorf, our Head of Client Engagement, calls this "bet-your-job courage" and explains that, "If you are

Ken Gordon
EPAM Continuum

primarily motivated by not losing your job, that puts a ceiling on your comfort with innovation."

Similarly, Naomi Gold Korn, a Senior Director of Innovation Consulting, notes that a maverick client is "willing to take risks, not afraid to fail, willing to go outside the normal lines," and this quality engenders trust.

Where does this assurance come from?

Reavey says mavericks have developed confidence by going through their own transformative hero's journey. ("They have a confidence that isn't overt, but they seem very capable.") It also allows them to recognize quality and understand risk, when others might be overwhelmed by the necessary uncertainty involved in the innovation process.

Bottorf says mavericks understand that when working on innovation, "You have to act with incomplete information. They don't fall prey to paralysis."

Humility serves as an important counterbalance to maverickian confidence.

Paul Litchfield, who headed up Reebok's Advanced Concepts and worked with us on the [Reebok pump](#) sneaker, says that innovation projects "are exceptionally humbling" because they just are because, no matter how smart one is, a project "is gonna head in the direction that it is gonna naturally head."

But the most surprising maverick quality?

"They're likeable," Reavey says.

Likable?

Well, yes. It's a less counterintuitive idea than you might at first think. To be a successful maverick, one must have the ability to attract people— good people, the right people—to join their team and engage fully in the endless challenges of innovation.

"Their peers and bosses like them and respect them and ultimately want to bet on them even when they are pushing or acting like pains in the ass," Reavey shares.

Learn more about EPAM Continuum at www.epam.com.

How the Most Innovative Companies Incorporate Sustainability into Product Development

BY PAUL HELLER, CHIEF EVANGELIST, **SOPHEON**

Corporate sustainability efforts are nothing new. However, the depth and breadth at which companies incorporate green practices continue to expand. Around the world, countries are introducing sustainability plans to reduce greenhouse gas (GHG) emissions and achieve net zero status in the next 30 years.

The University of Oxford says to prevent severe climate damages, "global net human-caused emissions of carbon dioxide (CO2) need to fall by about 45 percent from 2010 levels by 2030, reaching net zero around 2050."

Not surprisingly, forward-thinking businesses understand that sustainability is an expected component of doing business and are taking a hard look in the mirror.

Analysis from McKinsey points out that "in a scenario where the world reaches net zero by 2050, economic output would progressively (and permanently) tilt away from goods and services that are emissions-intensive and toward those that can be made and used without emitting GHGs."

McKinsey also notes that an unprecedented amount of capital will transfer to projects, products and companies committed to net zero efforts—a movement it calls "The Great Reallocation."

> **"Once they've incorporated sustainability efforts into their product development processes, the most innovative companies are adamant about assessing how well (or poorly) they're doing."**

The hope is that environmentally friendly efforts are altruistic. In practice, however, corporate change is more often than not focused on fiscal pressures or the potential for financial gain. The 2021 McKinsey Global Survey found that 22 percent of respondents indicated that their companies "realized modest or significant value from sustainability in the past five years." The report also found that 40 percent expect the same levels of value in the next five years.

One area where innovative sustainability practices are quite exciting is in new product development (NPD). Organizations of all sizes are scrutinizing sustainability practices within their NPD processes and finding ways to develop their products more sustainably. Here's how the most innovative companies are doing it.

They identify and plan for sustainability motivations.

Knowing why and when a change is necessary — along with how to address it — is one of the most difficult business challenges. And that certainly has been a quandary for organizations in determining the best way toward more sustainable business practices. There are typically four different perspectives organizations have when considering how, when, and where to incorporate sustainability:

- **Waves of change** — These cause inflection points in business models that make us rethink how we do things. This could include consumer demand, governmental requirements, or simply aligning practices to create a culture that attracts talent.
- **Cause** — Many organizations have built sustainable practices into their DNA from the start and coexist with the environment, using alternative energy sources and finding new ways of working that spur unique economic activity. Going back to the McKinsey report, more than half of respondents with companies that gain value from sustainability indicated that their CEO makes sustainability a priority on the strategic agenda.
- **Process** — A company measures the impact of products and services on the environment while improving processes or finding alternative materials or material sources.
- **Business model** — Although the first three perspectives are viable, the fourth is the key. Sustainability is a whole new way of doing business that incorporates the previous three
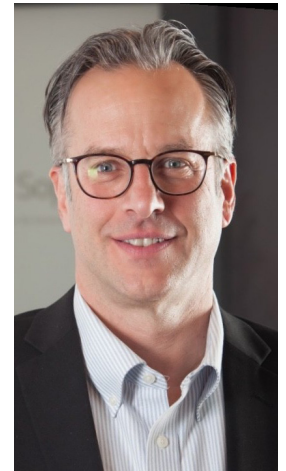
Paul Heller
Sopheon

perspectives.

In my experience, the most innovative companies are motivated by more than one factor because sustainability is something they've been tracking for a while. And well before they were in 'need to' mode, they made a plan of action to strategically implement sustainability efforts.

They make sustainability a part of their corporate DNA.

Sustainability needs to be an integral part of the innovation and NPD lifecycle instead of being a bolt-on activity. Incorporating environmentally friendly ideas from the ground floor will ensure sustainability is part of a product's DNA during every phase.

1. **Innovation planning**. The most innovative companies first identify strategic areas to implement sustainable practices across every department. Team leaders look at activities that may have otherwise not garnered a second thought. This could be as simple as reducing the number of printed materials to something as advanced as investing in energy-efficient production equipment.

2. **Ideation**. Sustainability is always a top consideration when developing new product ideas. Companies that successfully integrate sustainability into product development processes explore whether or not a product's carbon footprint will be at an acceptable level or what features will help customers promote sustainability themselves.

3. **Concept development**. Forward-thinking companies identify areas where material, production, usage and disposal considerations can be more sustainable and make the appropriate changes.

4. **Product development**. Lastly, the most innovative companies scrutinize resource utilization, materials selection and sourcing, production processes, and what happens after consumption or retirement of the product.

They keep close tabs on sustainable product development progress.

Once they've incorporated sustainability efforts into their product development processes, the most innovative companies are adamant about assessing how well (or poorly) they're doing. Then — and most importantly — they make the appropriate corrections. These companies continuously ask these specific questions to help identify areas of success and areas for improvement:

- Is there some reduction of waste or energy usage and, if so, how much?
- To what extent are our materials recycled or made of green or natural raw materials?
- Is the company ahead of legislation or lagging in comparison with the competition?
- Can we minimize environmental damage or prolong the life of existing products?
- Are new products with sustainability features solving customer problems?
- Can the product be easily disassembled or recycled?

When I think of sustainable innovation, I'm reminded of a quote a customer posted on their wall: "Progressive improvement is better than delayed perfection."

For many companies, the intersection of exciting NPD and a zero-carbon footprint may be far down the road. But by taking a cue from those who have incorporated sustainability into their product development processes, every organization can significantly address long-term environmental concerns more easily.

Learn more about Sopheon at www.sopheon.com.

How to Create Better Alignment Between Your Organization's Core Business and New Innovation Initiatives

BY BEN YOSKOVITZ, FOUNDING PARTNER, **HIGHLINE BETA**

At Salesforce, where I spent two years after the startup I worked for was acquired, I was introduced to a concept called V2MOM. It stands for Vision, Values, Methods, Obstacles and Measures. The V2MOM is a goal-setting framework meant to align an organization from top to bottom.

It's used at the company level, at the team level, and at the individual level. Every V2MOM at Salesforce is also shared internally for transparency, so everyone can learn what everyone else is doing and how they're contributing to the company's overall success.

I learned a great deal at Salesforce, including how successful organizations can achieve alignment and collective ambition.

A lot of companies pay lip service to having top-to-bottom goal setting and alignment, but very few actually achieve it. This is particularly true when a company decides to build an independent innovation team. We've all heard, "Innovation is everyone's job," but at some point, executives decide that they need a separate group, team, and/or structure to drive innovation beyond the core — what is often referred to as H2 or H3 innovation. I have no issue with separating out H2 or H3 innovation — in fact, this makes a lot of sense in many cases — but it also leads to increased misalignment.

Independent innovation groups or teams often become black boxes to the rest of the organization. Some of this is done intentionally, because there's a belief that in order for H2/H3 innovation teams to deliver, they need to be independent. This is simultaneously true and untrue. The challenge lies with determining how to connect those independent innovation groups back to the core, ensuring transparency and alignment with all stakeholders.

In my experience, completely independent, cut-off-from-the-core innovation teams don't work. They may hit the ground running, with almost complete freedom to do what they want, but inevitably, they will fail because the core will either:

(a) lose patience and stop funding the innovation initiatives (because they don't deliver results aligned with the company's shorter term goals, which are often quarterly, or require proven ROI in 1-2 years, rapidly enough); or

(b) not be able to successfully integrate and scale any new innovation projects or ventures that are built separately.

So the question is this: How do you successfully align H2/H3 innovation with the core business?

The most successful companies realize that they need to maintain and grow their core business (primarily through improving efficiencies and H1 innovation), while simultaneously exploring new opportunities, business models, and competitive threats through H2 and H3. The bulk of efforts are focused on "keeping the lights on" (and growing incrementally), but also recognizing that what worked in the past may not work in the future. New growth has to come from somewhere, and this is where smaller, more nimble innovation teams beyond the core should thrive.

But those H2/H3 innovation teams need tangible goals.

"Experiment more" isn't a goal. "Build new stuff" isn't an outcome. H2/H3 often fails because it focuses too much on outputs and not on outcomes — tangible, meaningful results that lead to an organization's continued success.

The goals for H2/H3 innovation need to be longer term than the goals of the core business, but they need to be as clearly defined as possible.

For example, RBC Ventures (now RBCx), a group within Royal Bank of Canada dedicated to going "beyond banking," had a target to reach five million new users. The goal wasn't "build X new apps" or "launch Y new businesses." Instead, it was focused on how to engage new customers by offering solutions outside of what you would expect from a typical bank, and in turn increase market share for the core bank business.

Innovation groups focused on H2/H3 (often what I would call "growth innovation teams") need to operate differently than the core business. In V2MOM parlance, the Methods and Measures are going to be very different.

Growth innovation teams need room to try new things, experiment more, fail faster, and learn at a rapid rate. The work they do is radically different from the core, as is the way they're measured.

Ben Yoskovitz
Highline Beta

> "H2/H3 often fails because it focuses too much on outputs and not on outcomes — tangible, meaningful results that lead to an organization's continued success."

The obstacles are different, as well. Growth innovation teams often battle against the risk aversion and slowness of the core business. Those integration points — when a new business or venture is starting to grow and needs the scaling capacity of the mothership — are absolutely critical to get right.

The only chance of this working is being able to truly demonstrate how a new project, venture, or business has a material impact on KPIs and objectives of the core. The core business, which operates at massive scale, simply will not have the ability to focus on anything that doesn't improve its business; innovation groups outside the core have to prove that, and if they do, there's a chance for achieving alignment.

Innovation teams that operate outside of the core cannot operate in the shadows. The more secretive H2/H3 work becomes, the harder it is for the rest of the company (which operates at scale and pays all the bills) to get behind it and find integration points that will create value. H2 and H3 innovation does need to be separate, because the work and approaches are different, but it can't be so separate that the core business turns its back.

The most successful companies out there find a way to be transparent about their H2/H3 innovation efforts with the rest of the company, without compromising how the work gets done. This increases the likelihood of positive alignment, which leads to greater success in new venture creation and growth.

Learn more about Highline Beta at www.highlinebeta.com

Successful Leaders Implement Manageable Change, in Small Bites, at a Rapid Pace

PHILENE MOLZ, LEADER, LIZ BERNDT, AND PAIGE POWELL, MANAGERS, KPMG IGNITION EXECUTIVE PROGRAM™

In an era of market uncertainty and rapid disruption, organizations are constantly unleashing new ways of working to attract, support, and retain the talent they need in order to achieve their goals. In this evolving world of work, leaders are being mandated to drive change—and fast.

This is a high-stakes endeavor. Ways of working are often deeply ingrained in a company's culture, so introducing too much change at once can create internal resistance that impedes progress. Yet, with turnover and attrition rates increasing, today's leaders often have less time to create meaningful impact.

How do the best leaders navigate these conflicts to drive the kinds of transformational changes organizations need to make to adapt to disruption and compete with resilience and agility in the future? Whether they are implementing a new process, introducing a new product, or restructuring part of the business, how do they translate transformation challenges that are complex, ambiguous, and unpredictable at times into something that is feasible and attainable?

In our work with executives, we have seen that the most impactful leaders are those who understand small, consistent changes make a big difference, and iterating quickly based on learnings can change the entire outcome of the business. These leaders enable their organizations to implement manageable change, at a rapid pace.

Making manageable change means creating smaller shifts in the right direction to generate big wins. We call this the one-degree of change approach. We have found that a leader's ability to influence and demonstrate transformative and recognizable successes can come through a series of small changes. This could be a shift in your mindset, a behavior, or a small habit.

When actioning on one-degrees of change, leaders are better able to navigate short-term uncertainties, drive toward long-term results, increase acceptance from their teams, and create more cohesiveness throughout the journey.

Here are three considerations for leaders to drive value and results from a one-degree change approach:

1. Set a clear vision for clear results

Leaders need to articulate a clear vision and strategy for their organization internally–and many times externally. We encourage executives to draft their vision through a series of iterative approaches that consider: their function and industry; the expectations from key stakeholders; and input from their direct team.

2. Build support at the top…

When it comes to transformational changes, no leader can do it on their own. Understanding the expectations from peers, the Board, and leadership can influence not only how leaders define the vision, but the ability to execute it. Leaders need support directly and indirectly, across their organization, to make their vision a reality.

3. …And from the bottom

Leaders should be certain that the team the reports to them directly is aligned on their vision. It sounds simple, but is sometimes difficult to action. Having buy-in from the team is important, as discord will create unnecessary distractions and potential pushback.

Embracing a one-degree of change mindset can make a monumental difference. But keep in mind that this is an iterative and continuous process. Vision setting is not intended to be one and done, and it's also not supposed to be an annual planning exercise. It should be fluid and be top-of-mind for leadership. As new leaders come in, roles change, and teams evolve, it's okay to look for opportunities to make tweaks to the vision and implement the one-degree of change the organization.

> **"Making manageable change means creating smaller shifts in the right direction to generate big wins."**

When was the last time you revisited your organization's vision statement? If you have a vision statement, how aligned is it with your current reality? What about your path forward?

Case Study

We recently worked with an executive who, due to fast growth of the company and changing landscape of the industry, hadn't had time to define the vision for their organization. This is common! Instead, they were working off a 100-day plan from their interview process. The plan was insular and tactical in nature. To create something more robust, we helped the executive draft their vision with input around what's possible, what their stakeholders needed and what their team hoped to achieve. Through the exercise, the executive generated trust, got buy-in from key stakeholders and iterated quickly to translate a concept to action.

Philene Molz
KPMG Ignition
Executive Program™

Liz Berndt
KPMG Ignition
Executive Program™

Paige Powell
KPMG Ignition
Executive Program™

Learn more about KPMG Ignition Executive Program™ at www.kpmg.us

Facing Organizational Uncertainty Head-On

BY GINA COLARELLI O'CONNOR, PROFESSOR OF INNOVATION MANAGEMENT, **BABSON COLLEGE**

Breakthrough opportunities don't surface very often, and when they do, they are ignored or underleveraged in companies that own or have access to the rights to commercialize them. Why? The reason boils down to politics. A few example scenarios include:

- Individuals may feel threatened when asked to defend an initiative that has an unpredictable ROI;
- Business units' most profitable product lines will be cannibalized;
- The changes required to institute the business model that will make the breakthrough valuable to the market don't align with the organization's traditional model.

There are myriad ways that organizational politics manifest themselves. None of it makes rational sense from a business perspective, but it is all real and human. To ignore these issues guarantees that an amazing opportunity will not be fully leveraged.

Winning companies recognize the black hole of organizational politics and adopt methods to address these issues so they are handled as a natural consequence of impending change. Primarily, winning companies alleviate the ambiguity associated with organizational indecision by bringing issues into the open as part of the "Learning-based project management" approach that we have since codified as a "Learning Plan."[1]

Breakthrough Innovation is typically perceived as High on Technical and Market Uncertainty as shown in Figure 1 below.[2]

Technical Uncertainty	High	Next Generation	Breakthroughs
	Low	Incremental Innovation Continuous Improvement	Adjacencies
		Low	High
		Market Uncertainty	

However, our research identified two additional categories: Resource and Organizational Uncertainty.

Technical Uncertainties relate to the completeness and correctness of the underlying scientific knowledge; the extent to which the technical specifications can be implemented; the reliability; maintainability; and scalability, among other issues.

Market Uncertainties include the degree to which customer needs and wants are clear; the extent to which forms of interaction between the customer and the product can be used; the appropriateness of methods of sales/distribution and revenue models; and the understanding the project team has of the relationship of the breakthrough innovation to competitors' products.

Resource Uncertainties include unstable funding given that most breakthrough innovations' development spans multiple years. In most potential breakthrough projects I have studied, external financing made the difference between project continuation and cancellation. Resource uncertainty also extends to specific competencies. Moving into breakthrough territory means that, while the organization relies on its competencies, there will be gaps. Project team leaders spend extraordinary amounts of time dealing with resource and competency acquisition through internal and external partners. Often, they do not have the authority to access those needed external competencies.

Organizational Uncertainty is the most likely to cause breakthroughs to stall. It includes changes in senior leaders' appetite for innovation; organizational resistance; lack of continuity and persistence within the team or the sponsor; inconsistency in expectations and metrics; changes in partners; and changes in priorities regarding Domains of Innovation Intent. Project leaders and their sponsors face questions such as:[3]

- What capabilities must the project team embody? How do we recruit these individuals and make sure they are evaluated properly?
- How do we deal with unanticipated changes in the team and changes required by the project?
- How do we define the relationships with the rest of the organization — the business development entity; one or more business units; central R&D and/or the innovation team; senior corporate management? Whose support will we need, and how will we obtain it? How shall we manage their expectations?
- Who are our resistors and how do we address their concerns?
- What will be the oversight process and governing body for the project? As the project encounters opportunities and challenges, who will make the strategic choices and based on what criteria?
- Where will be the ultimate home of this new product platform/emergent business? If the project does not have a natural home, what organizational structure should be formed to run this business? Who should decide this, and how will the decision be made to allocate resources?

There are many keys to success for strategic innovation, but a critical one is to allow for authentic conversations. Team members need to feel safe to say they don't know and that they need input from senior leaders,

Gina Colarelli O'Connor
Babson College

or to share when they need help when organizational resistors are stalling progress or competing rather than collaborating.

An example of using a learning plan approach involved several project teams that were kicking off this new methodology. The market was letting the team know which business model it found valuable, but it was extremely different from the one the company typically used. Thus, the team faced organizational uncertainty.

Senior leaders needed to be made aware and explore the consequences of various options with the team, but the project leader resisted asking for the meeting with her leadership. When pressed, she replied, "We are expected to make a recommendation, not to show up and just ask them. We will look unprepared." After a long stalemate, the senior leader said this is exactly what she should do. The tone in the room changed dramatically. The key is to have authentic conversations.

In another company, an Innovation Council of senior leaders was formed to oversee the portfolio of higher-uncertainty projects, decide where each would reside once they were on a path to success, and manage that transition. This required relaxing traditional metrics, changing funding criteria, and approving new hires.

In a third organization, a customer-requested project turned out to be an opportunity for an entire family of products. As the company realized the broader scope of the opportunity, it created a new business unit so the breakthrough could be exploited in more unique ways. But before that happened, the R&D organization attempted to transfer it into any willing division. No division found the opportunity to be "big enough" to support. Indeed it was the portfolio of opportunities — rather than one single application — that created the killer business.

Each example describes a stall point, such that potential breakthroughs become exhausting exercises in frustration. By addressing organizational uncertainty head on, companies can change the innovation culture and unleash entrepreneurial energy, rather than provoke cynicism and frustration.

Learn more about innovation at Babson College at
www.babson.edu/social-innovation-institute

1. Rice, Mark P; O'Connor, Gina Colarelli and Pierantozzi, Ronald (2008) "Implementing a Learning Plan to Counter Project Uncertainty" Sloan Management Review, 49 (2): 54-62.
2. Moriarty, R. T. and Kosnik, T.J. 1989. High-Tech Marketing: Concepts, Continuity and Change. Sloan Management Review 30 (4): 7-17
3. O'Connor, Gina Colarelli and Rice, Mark P. (2013) "A Comprehensive Model of Uncertainty forRadical Innovation," Journal of Product Innovation Management, vol. 30 no. S1(Dec): 2-18.

The Winners' Secret Rarely Discussed in Innovation Management

BY SUZAN BRIGANTI, FOUNDER, **SWARM VISION**

You may not look at city governments as engines of innovation.

But one American city is leading the pack in driving innovation: the Town of Cary, North Carolina. The Assistant Town Manager/Chief Innovation Officer, Dan Ault, recently had a position open in his R&D team (Yes, a city with an R&D function!).

The team ended up promoting a woman in her 50s who they might have otherwise overlooked. She clearly had the innovation mindset and skills they were looking for. And she has been a winner for Cary, contributing to organizational change in its digital transformation effort.

What can we learn from this story about what makes a winner? What can we generalize?

In Overcoming the Innovation Readiness Gap, BCG reported on organizations with exceptional success at innovation. The top 20 percent drove up to four times the ROI from innovation compared to everyone else.

The top factors driving these leaders' breakout success describe the Town of Cary very well:

1. The C-suite (the Town Manager in this case) sets a clear innovation ambition.
2. They know where they play, what's their "unfair" advantage. (The region is a magnet for tech… Apple and the Virgin Hyperloop are both going to Cary).
3. They prioritize assigning their best talent to innovation.

What? Yes.

Like the Town of Cary, BCG's innovation leaders do something so sensible and obvious that one questions why it is so rarely discussed in innovation management. After all, organizations like the one you likely work for spend more on talent than any other OpEx category. Given that talent is such a major expense and a key to breakout results, talent should no longer be a rare topic among innovation leaders.

So like Cary, North Carolina, our BCG commercial sector winners also prioritize putting their best talent on innovation.

But the next obvious question is, "How do you identify your best talent when it comes to innovation?" In conversations we have with innovation leaders around the world, in sectors as diverse as consumer goods to aerospace, the answers to this question (sadly) include:

- We ask people to volunteer for innovation roles.
- We form teams with the functional skills related to the project.
- We take whoever is available.
- We look for signs of creativity.

- We use the same people over and over.

(Do any of these approaches sound familiar?)

You may notice these prevailing approaches to innovation staffing are sorely lacking in science. They are little better than a crystal ball or a "Hail Mary." Let's dig a little deeper into their perils:

What's wrong with taking innovation volunteers?

On the positive side, the innovation volunteers are showing an interest. Motivation is important. But research shows us that individuals vary widely in their innate innovation skills. Interest and preference are not the same thing as ability. An innovation leader in the apparel space who took volunteers for his innovation program told me that the recruits sorely lacked the skills needed to innovate. He never took that approach again.

What's inadequate about forming innovation teams with functional skills?

Functional skills are a fine way to ensure the team has a core of subject matter expertise. But innovation skills are not the same thing as engineering or manufacturing knowledge. A large global study found the following eight skill clusters are highly predictive of business outcomes from innovation:

A team that possesses the above eight innovation skills, and has access to subject matter expertise, is far more likely to succeed than a team of experts lacking the innovation skills.

What's the risk with taking whoever is available?

The answer depends. Are they available because they are so brilliant that they get their work done in half the time? Nothing wrong with that. Or are they available because they are failing in every performance metric?

Innovators are wired different.

DRIVE Ambition, Initiative, Intensity, Persistence	**DISRUPT** Boundary-breaking, Thriving in uncertainty, Self-confidence	**CREATE** Novelty-seeking, Problem-solving, Uncommon connections, Growth mindset	**CONNECT** Relating, Persuading, Team-building, Social Intelligence
CONTROL 360-degree Involvement, Competitiveness, Financial orientation	**THINK** Information Capacity, Rapid Pattern Recognition, Reflection	**DELIVER** Contextual Goal-orientation, Resourcefulness, Adaptability	**GIVE** Benefitting others, Making the world better

What happens when looking for signs of creativity?

If you look at the above graphic, you will notice that

Suzan Briganti
Swarm Vision

"Create" is just one of the eight critical innovation skills. Innovation leaders have all been burned by the supposed "creative guy." You know, the one who is endlessly fascinated with the new? The one with rafts of ideas, who never gets anything built or shipped? Creativity is necessary, but not sufficient.

And what is the issue with using the same people over and over?

If they knock it out of the ballpark every time, nothing is wrong with including these people. More likely, they look very busy on innovation, use a lot of unfamiliar innovation terms, and leave people afraid to challenge them. Why not broaden the tent and get some diversity of thinking? And if they are self-appointed innovators and never get much innovation to market, why keep repeating the cycle?

As you can see from this brief discussion of the perils of common approaches to innovation talent, talent is an area where innovation leaders can make rapid headway. Talent is the winners' secret rarely discussed in the innovation management field.

We suggest taking a more advanced approach to this talent piece. As the innovation management space matures, we are getting more sophisticated about using science to help us.

Here we can learn from the Town of Cary again. Instead of the "crystal ball" methods discussed above, Cary uses an innovation talent assessment based on deep science. They use the assessment not only for talent acquisition and talent selection on projects, but also for talent development. (They are inclined to favor science, being part of the Research Triangle.)

While the Town of Cary isn't after profits, their approach has solid underpinnings in the commercial sector. After all, companies that use talent assessments experience a "2.5 times greater year-over-year increase in profit per full-time equivalent than companies that do not use talent assessments" (Aberdeen Group).

Could it be time for you to focus on the best innovation talent to improve your success rate? Using a science-based innovation talent assessment, you can find the innovation skills in your workforce or candidate pool with 99 percent reliability. You can easily form teams with these skills. And develop these skills in your workforce a good 10-20 percent. And by rewarding these skills, you can drive a culture of innovation based on science, not guess work.

"We have staffed several positions and really orientated the team based on Swarm. The true success is getting people and their positions as largely aligned as we possibly can to their optimal way of being. Having a tool to help anchor this process is immensely helpful."

— Dan Ault, Assistant Town Manager/Chief Innovation Officer, the Town of Cary

---

Learn more about Swarm Vision at www.swarmvision.com

Building Customer-Centric B2B Companies with Jobs to Be Done

BY NED CALDER, PARTNER, **INNOSIGHT** AND DANI CINALI, OPERATIONS DIRECTOR, **TIA**

B2B companies are facing a range of disruptive forces – pressure to enhance sustainability, transformative digital technologies, and fragile supply chains, to name just a few. These challenges demand a rethinking of existing strategies and business models. To do that successfully requires leadership, long-term strategic thinking, new ways of innovating, and broad changes to culture and operating models.

It also requires asking different questions. Henry Ford famously observed, "If I had asked people what they wanted, they would have said faster horses."

In a similar vein, instead of asking, "How do we need to improve the current paradigm?" companies need to ask, "What are the fundamental challenges our customers are facing as they move to a new normal?" The answers can widen the aperture of potential opportunities for innovation.

This mindset shift is at the heart of the jobs-to-be-done approach, which focuses on understanding fundamental consumer or customer problems, as opposed to their stated needs.

Consider an example from a business-to-consumer company, the audio innovator Bose, and its breakthrough product, SoundControl Hearing Aids. As Bose looked for growth in the hearing aid market, they did not simply ask how they might make a better hearing aid. Instead, the company looked for important and unmet customer needs that would enable them to offer something entirely new. Their focus was not the current hearing aid customers who had significant and clinically diagnosed hearing loss, but rather non-hearing aid consumers who had moderate challenges hearing in very specific situations such as noisy restaurants. This led Bose down the path of a more consumer-friendly solution – a hearing aid that is bought online instead of through an audiologist and is self-tunable – that is expanding the market for hearing assistance products.

While the jobs-to-be-done method is widely used in B2C companies, B2B companies have been slower to adopt it. Part of this gap is driven by the unique challenges B2B companies face when trying to navigate disruptive change.

B2B companies can navigate these challenges and deploy this method of understanding customers by following five key principles.

1. Look beyond your current customers.

In many cases, B2B companies are embedded in complex value chains and are often one or more steps removed from the ultimate consumer of their product. This doesn't pose an issue when the market is stable. The implicit assumptions about what matters that are baked into any mature industry are sufficiently reliable. B2B companies can be confident that the solutions their immediate customers are asking for reflect what is important to the end consumer.

About Jobs to be Done

A "job to be done" is the problem or goal someone is trying to achieve in a given circumstance. When customers buy a product or service, they are essentially "hiring" it to do the job. There are three types of jobs to be done: functional, emotional, and social.

Using a job lens can reveal what motivates customers to make decisions: Why do they make a first purchase? Why do they make a repeat purchase? Why do they switch to a different solution? For more on jobs to be done, see the HBR article Know Your Customers' "Jobs to be Done."

During periods of significant change, however, relying only on your existing customer base can limit your ability to innovate. For example, consider an auto supplier in the early 2010s that only focused on existing OEM customers. It would have heard a significant amount of skepticism about the potential for electric vehicles based on the assumptions that those OEMs were making at the time.

If, instead, they had invested time talking to new entrants and directly to consumers, they would have received a different perspective that suggested a more aggressive adoption scenario, leading them to take faster action and capture first-mover advantages. Of course, companies should not ignore existing customers, but they should expand where they source their inputs to generate a more robust set of perspectives to inform decision making.

2. Go beyond historical industry definitions

Understanding where a customer's most pressing jobs are requires not limiting yourself to existing category-centric questions. Disruptive change often reshuffles existing categories and precipitates new priority jobs as they navigate between paradigms.

Consider a materials company in the packaging space that we advised. One of its main product categories was plastic packaging for CPG. The company had close relationships with CPG companies but focused its interactions narrowly on the existing category and type of plastic packaging. This led to important but limited conversations about how to increase recyclability of plastic packaging to address sustainability concerns. What the company missed was a broader and more important job related to helping its customers navigate a wider range of competing packaging solutions. This would have included

Ned Calder
Innosight

Dani Cinali
Tia

helping customers address additional questions, such as:

- Can we substitute new materials for traditional plastics?
- How can we reduce the overall amount of packaging — regardless of the material — by, for example, shifting away from secondary packaging?
- How do we create scalable solutions given regional differences?

These and other questions could have created the opportunity for the company to build deeper relationships and ultimately bring a broader portfolio of solutions that helped migrate their customer toward a more sustainable packaging portfolio.

3. Understand the full buying decision-making system.

While end consumers are not necessarily easy to understand, the complexity is bounded by the fact that you are selling to a single individual. This is rarely the case in B2B situations. B2B buying processes often include a diverse set of stakeholders who all have their own individual jobs to be done.

Consider a medical device company that was trying to launch a new cardiac business. They had historically focused on the cardiologist as their primary customer, and most of the customer jobs they focused on were specific to this role: for example, efficacy of the device, ease of implanting, linkage with the doctor's research interest.

However, when doing jobs-to-be-done research to uncover new opportunities, they realized there were other critical stakeholders in health systems who had equally important jobs. There were nurses who wanted help managing inventory to save time as well as more convenient ways to engage patients remotely for follow-up. There were hospital administrators who had jobs related to managing and balancing financial constraints but also needed to protect and enhance the reputation of the hospital. Solving all of these jobs was critical to winning the hospital's business.

In addition to a complex set of buying processes within a B2B customer, there is also a need to look at similar dynamics across the ecosystem. For example, consider any B2B selling process that involves the government. While the government may be the main customer, other stakeholders such as politicians, auditors, and solution partners all have their own jobs that need to be addressed. The upside of this complexity is that solutions satisfying the jobs of multiple stakeholders are often stickier in the market.

4. Focus on both primary and secondary jobs.

In addition to thinking broadly about whose jobs to focus on, it's important to understand a customer's full range of jobs. Often B2B companies focus solely on satisfying primary functional needs of their customers, typically through the main product or service. And while that is necessary, it may be insufficient to encourage adoption of a new solution.

5. Embed jobs into your organization.

For any methodology to change how an organization operates, it needs to be as broadly adopted throughout the company as possible. The same is true for jobs to be done. In addition to the market researchers who employ jobs as tools to understand customers, the leadership team must have enough fluency in the concept to engage with the insights emerging from jobs research. They also need to know which questions to ask to reinforce the desired value and behaviors. Engineers and designers need to know how to translate job insights into product attributes and functionality, which can be more involved because by definition, a job-insight is not a request for a specific feature.

The companies that are most successful at infusing jobs into how they set strategy and design products take a holistic approach to the thought process and the language system.

Learn more about Innosight at www.innosight.com.

What Makes a Successful Digital Project Manager?

SEAN SHEPPARD, VENTURE CAPITALIST AND MANAGING PARTNER, **U+**

Digital product management, both as a professional discipline and a branch of knowledge, is growing in importance across the business world. Despite this, many innovators misunderstand the role, largely because of its shape shifting nature at this early, uncertain stage in its development.

A digital product manager (DPM) presides over a product's entire lifecycle, from the earliest idea-building stages to market testing, launch, and iteration. The role demands an expansive skill set and encompasses a sweeping range of responsibilities. For example, DPMs can expect to dip their toes into strategic planning, marketing, design, customer success management, and analytics.

Since the exact combination of resource requirements varies with each product, a successful DPM needs to master a broad array of skills while cultivating an attitude of constant curiosity towards the marketplace. A DPM's responsibilities are so wide-ranging that consulting firm McKinsey described the role as no less than a product's "mini-CEO."

An emerging discipline in many ways, digital product management is constantly evolving to meet market demands that are forever in flux. In recent years, the product-building process has become increasingly technical and data-driven. The best DPMs must therefore be highly conversant with the latest technologies and digital platforms, even if they are not directly involved in technical workflows.

> ## "If you don't understand the problem you're trying to solve, your solution isn't going to generate real value, no matter how impressive its technology or design."

While the role's nature will continue to develop in accordance with consumer demand and the changing technological landscape, some aspects are likely to remain fixed. These include:

- The ability to make data-informed decisions;
- The creativity to conceive new products and accurately predict product outcomes;
- The confidence to foster contributions and product conceptions from team members;
- Strong collaborative leadership qualities that translate across different teams and even departments;
- Exceptional marketplace knowledge;
- Financial savvy, including the ability to project revenues and develop pricing models.

Reducing digital product management to a simple set of skills only gets us halfway toward understanding how to be truly great at it. The other half is related to temperament and experience.

At a micro level, product building can be a high-octane process, with lots of pivoting, backpedaling, detouring, and accelerating as unforeseen events pile up. At a macro level, the whole field is continuously updating with the discovery of each new management paradigm and productivity model. As long as we are discovering new ways of building products and businesses, the DPM role will favor personalities that embrace novelty, versatility, and resilience.

As well as the right skills, experience, and temperament, a good DPM should have rock-solid intuitions about how to best direct their team's energies throughout a project. To accomplish this, DPMs should be able to offer their teammates precise, unambiguous definitions. According to product guru Dan Olsen, a DPM's core job is in fact defining the customer and their needs.

Olsen is perhaps best known for his distinction between "problem space", where the focus is purely on investigating user needs, and "solution space", where the focus is squarely on the look, design, and functionality of the product itself. This simple mental model can work wonders for product managers finding themselves stuck in the conceptual weeds.

Separating problem space from solution space can be hard, especially if you're working with an action-oriented team that's eager to get building right away. After all, solutions are generally easier, and more fun, to think about than problems. But if you don't understand the problem you're trying to solve, your solution isn't going to generate real value, no matter how impressive its technology or design.

Let's take Instagram's "filter" function as a real-world example. The popular photo sharing app's filters became such a hit with users not because the technology behind them was so brilliant, but because the company addressed a customer need that no one else had managed to figure out before. Achieving product-market fit with this level of success is the telltale sign of a DPM at the top of their game.

DPMs don't just define their product, they also help contextualize it, ensuring all decisions advance the product's business model while staying aligned with their

Sean Sheppard
U+

organization's highest strategic objectives.

Without a coherent management framework to serve as a guide, the short-term, day-to-day stresses of building products can easily take on a logic all of their own, in some cases producing outcomes that are completely divorced from the project's original goals.

Engineering concepts like "bikeshedding" and "yak-shaving" nicely capture the absurd results that can arise in a disorganized, poorly managed, or insufficiently contextualized project. Developers usually work best when the systems that guide them are tightly controlled, free of bottlenecks and other obstacles, yet still amenable to creativity. The ability to craft these complicated systems, and update them based on feedback, is another useful feature of the DPM's toolkit.

In short, a successful DPM should combine advanced technical and business development skills with a suite of state-of-the-art management models. Leveraging a growth mindset, they should be clear eyed in their definitions and cool under pressure. And all of these traits and talents should be directed towards a single purpose: building a strong understanding of the customer and their needs.

At U+, we incorporate the most effective digital product management principles into our business development method. If you want to validate, build, and launch a new business idea, reach out to us here.

Learn more about U+ at www.u.plus

Winning: A Lesson in Collaboration and Humility

BY RICHARD BRADEN, CHIEF INNOVATION EVANGELIST, **PEOPLE ROCKET**

For some, the word winner evokes images of a gold medal gymnast, fighter pilot, genius inventor, or billionaire entrepreneur. To us, that's a myth. The truth is, behind each of those individuals there is a collective team that makes the shining moments for those individuals possible. They don't get there by themselves.

The complexity, scope, and pace of change in the world today mean that one person isn't enough anymore. We need a group of people or an organization that draws on the strengths of many to truly become a "winner."

And that's not all. A win can no longer simply be about what's good for the business. Sure, doing good can be what's good for the business, but organizations also have a responsibility to do what's good for its customers, its partners, and the world at large.

Many of our clients exist in this space. Ranging from Fortune 500 companies and government agencies to foundations and not-for-profits, they are focused on impact. Regardless of their size, many have mandates to innovate but face constraints and budget limitations to do this work.

That leaves them with a conundrum: how can they innovate or succeed within their means? It's not about having access to the shiniest new tools or the fanciest office spaces — it's about exhibiting a few traits and making use of a few priceless tools to "win."

Here are the characteristics and actions we've seen some of our most successful clients exhibit.

1. They're collaborative.

It is rare — if not impossible — for an individual to come up with the best idea in a room alone. A winner knows this and draws upon the diversity of skills, knowledge, and perspectives of the collective. They bring together people of different backgrounds to work together and explore solutions.

But that's not all. They also recognize that the best possible solution, or the "right" answer, is the one that truly meets the needs of everyone involved. That's why this collaboration extends beyond the walls of the organization and into the world. They talk to users and people from different disciplines.

A winner believes in co-design, exploring those different ideas together, sifting through them, and seeing what's there.

We've seen this firsthand in the work of one of our clients, a global quick service restaurant chain. The success of the company's $13 billion supply chain is largely thanks to the effective and efficient collaboration of hundreds of stakeholders. By working together, they have achieved an award-winning status and are striving to responsibly design for the future by increasing the number of stakeholders that are responsible for co-creating it.

2. They're open and willing to learn.

Think of the biggest accomplishments in your career — completing a large project, launching a program, or shipping a new product. It's rare that the final product looks identical to the original idea. Constraints, perspectives, budgets, timing, and testing all change the idea along the way. There is so much that we don't know, and uncovering those truths requires admitting the limitations of our knowledge.

That's why a winner uses design-based research to explore, learn, and seek to better understand by speaking with people through interviews or surveys, analyzing the landscape, and reviewing existing literature on a given topic. In this way, they are able to capture real-world data, which, in turn, informs better work.

> "A winner will question the results and reframe and iterate and try again. And again. And again."

A winner will define or acknowledge what they don't know, opening the door to discovering a range of surprises, tensions, contradictions, challenges, and pain points.

Another client of ours, a direct services provider and advocacy organization, embodies what it means to be curious and open. Many senior leaders thought they had a good idea of what the mission of the organization was, but they took the time to hear the perspectives of their direct service providers. These interviews and subsequent conversations uncovered a crucial disconnect between the two groups. Rather than letting this data point fall by the wayside, senior leaders held space for a diverse group of employees to share their perspectives and collaboratively redefine the organization's value proposition.

3. They're not afraid to try, and fail, and try again.

Winners approach challenges with a beginner's mindset. Even after they've worked with others and uncovered numerous insights through their research, they hold potential solutions loosely and let go of them easily. They explore lots of different ideas and opinions, and they prototype and test lots of different things. They gather feedback from real people, observing, listening to, and evaluating what those people share.

Richard Braden
People Rocket

A winner will question the results and reframe and iterate and try again. And again. And again.

A government agency we worked with had tried numerous programs to inspire innovation. Even after each of those efforts faltered, the agency decided to try again. It licensed a new program to build innovation capabilities among the civil servants and used three different methods of deploying the materials to test for efficacy. The agency prototyped and tested each of the approaches to validate ideas before deciding which to pursue.

Winners recognize their strengths and their limitations, what they know and don't know. They let go of the need to be the person with all the answers, and instead acknowledge that they must include and depend on others in order to succeed.

So, what makes a winner? What differentiates them from everyone else? They're collaborative and open, and they give themselves permission to fail.

At the core of each of these attributes is humility. Winners have the humility to let go of being the expert who always has the right answer. They have the bravery to know they can get to the best solution without always knowing how from the start, as long as they have the help of the right team. In the process, they create the greatest possible impact — not just for themselves or for their organization, but for the greater world.

Learn more about People Rocket at www.peoplerocket.com

Who Wins at Innovation?

BY OLIVIA KELLER, INNOVATION ASSOCIATE AND PRODUCT MANAGER, **SMARTORG**

The innovation winners are those companies who take Peter Drucker's famous words to heart: *Innovate or die.*

Here's a familiar list of failed companies that didn't heed Drucker's time-tested advice: Pier 1 Imports, Borders, Xerox, JCPenney, Sports Authority, Yahoo!, Toys R Us, Dressbarn, Solyndra, Toshiba, Mexicana, Wang Laboratories.

And here's a short account of respected winners who are considered among the top most innovative companies of 2021: Amazon, Apple, Toyota, Microsoft, Siemens, HP, Sony, Nike, Salesforce, LG, Walmart, Tesla, Target, Abbott Labs, Alphabet, Tencent, IKEA, Adidas

Win or lose, a company's demise, stagnation, or success is predominantly predicated by its approach to innovation. Each decision along the way is either a bold building block toward winning or a step closer to second rate.

When decision processes are aligned, people work together under one umbrella to analyze data, deliberate, resolve conflicts, and take actions based on cooperative discussion. Winners understand the importance of nurturing alignment among stakeholders and aren't distracted by individual agendas or competition. The right people are brought to the table for effective communication and decision making.

There are downsides to working without an effective innovation decision-making process on the front end, and no ability to strategically cull projects from portfolios on the back end. There's little learning, minimal progress, no meaningful change, nor impactful ROI outcomes.

While a company may be heavily invested in making innovation its focus, the approach will vary from cautious to bold, depending upon the level of discomfort and uncertainty a company is willing to embrace. And that willingness is heavily influenced by the C-suite stakeholders, who are cultivating the innovation culture.

Laggard or Leader?

According to BCG's 2021 report on Overcoming the Innovation Readiness Gap, only about 20 percent of companies are ready to realize their innovation aspirations. That means more companies are wishfully pursuing rather than ambitiously securing a winning position.

Winners have the same number of hours in their day as laggards. How can the remaining 80 percent of companies make better decisions about innovation on that same day?

The answer: Use science-based decision-making processes for both your front-end and back-end innovation. And don't let the rigor deter you. As the legendary basketball coach, Bobby Knight, said, "The key is not the will to win… Everybody has that. It is the will to prepare to win that is important."

An aligned decision environment provides the setting and structure to bring people and information together, resulting in better, faster, and cheaper decisions that benefit everyone.

Winning on the Front End

To win on the front end, you'll want to gather your stakeholders' concerns and align on the most important issues needing resolution in early-to-mid-stage innovation.

The four key issues in getting front-end innovation alignment are to:

1. **Evaluate Potential.** Go beyond a traditional business case to understand drivers of upside and what kind of evidence will demonstrate value.
2. **Focus on Discovery.** Not all hypotheses matter. Learn what needs to be learned, not just what is convenient or interesting.
3. **Buy-Down Risk.** Prioritize efforts based on real options: What experiments have the best ROI?
4. **Communicate Readiness.** Avoid surprises while aligning expectations for when innovations are ready to scale.

Winning on the Back End

To win at back-end innovation, you'll want to align your stakeholders on where — and how much — to invest. You'll understand the difference between creating value by "doing the right projects" versus just "doing the projects right."

A tried-and-true approach to making better portfolio decisions can materialize by following these six winning principles of Strategic Portfolio Management:

1. **Aligned Decision Forum.** Include the right people at the right levels at the right time > results in better, faster, and cheaper decisions that benefit everyone.
2. **Value Creation Focus.** Focus decisions on creating value at each development stage > more value-based believable business cases.
3. **Credible, Comparable Evaluations.** Use clear, transparent evaluation frameworks > more new ideas; more projects initiated; more funding, a level playing field; accelerated development.
4. **Embrace Uncertainty and Dynamics.** Explicitly identify the impact of uncertainty on key decision variables; track changes throughout development > key to unlocking value.
5. **Inclusive, Collaborative Process.** Involve key stakeholders from ideation to commercialization > all participants have a voice in the decision-making process and strategy.
6. **Clear Communication and Learning.** Assess, track, inform, and continuously improve > creates the highest ROI in R&D, new products, and innovation.

Get Winner-Ready in 2023

Not one of the 50 companies among the most innovative in 2021 had a crystal ball, endless resources, or the know-how to hit it out of the park every time.

Olivia Keller
SmartOrg

According to the BCG report, 90 percent of the companies that outperformed had "clear C-suite ownership of the innovation agenda." In other words, they had alignment from key decision makers.

Even the best-researched decision making can result in failure. No matter how you try to control uncertainty, things won't always work out. If you're intolerant to uncertainty, you may create unnecessary stress and anxiety for yourself and your colleagues.

If, instead, you recognize that uncertainty is a normal condition, factor it into your analyses and adapt as changes arise, you'll find that you're in a winning position to defend your decision.

The path toward winning at innovation is doable for those companies putting in the effort each and every day. As Emmitt Smith said, "For me, winning isn't something that happens suddenly on the field when the whistle blows and the crowds roar. Winning is something that builds physically and mentally every day that you train and every night that you dream."

To keep your company relevant tomorrow, recognize that accepting the status quo or "good enough" is not the behavior of innovation winners. And while winning at innovation is not rocket science, there's definitely science, hard work, and heart behind it. For more information, View Example Behaviors of Winners and Laggards.

Learn more about SmartOrg at www.smartorg.com

Disrupt the Status Quo: Some Practical Observations

SHAUN GUMMERE, CHIEF EXPERIENCE OFFICER, **CANTINA**

One big idea we keep coming back to at Cantina is that within every organization, there is always tension between the need to exploit and the need to explore. Organizations must exploit existing capabilities while simultaneously exploring new, unknown opportunities. This idea, first outlined in the 2004 Harvard Business Review article, The Ambidextrous Organization, is one of the toughest managerial challenges any organization faces.

Most organizations are built (structurally and culturally) to focus on the exploit — or efficient — side of the spectrum. This is where alignment, predictability, and productivity exist. And indeed, incremental improvements to efficiency often increase effectiveness and profits. Six Sigma is one widely known example of a methodology dedicated to increasing efficiency. It is based on the idea that well-defined and well-executed processes will produce close to the theoretical perfect result.

But stand still too long and no amount of perfect efficiency will prevent disruption from outside your organization. This is why, in the eighteen years since the publication of the Ambidextrous Organization, leaders have redoubled their efforts to counterbalance efficiency with innovation. It doesn't come easily. So-called corporate antibodies fight against the disruption to efficient operations that innovation activities present. This means that, in practice, innovation has to both execute on a new idea that creates value and also manage the turbulent gap between efficiency and change.

In our innovation consulting work, we've found ourselves in a privileged position to work with a variety of successful leaders, who somehow manage the exploit-explore tension with a surprising ease. This has given us a front-row seat to what makes them different. Below are a few of our observations.

First and foremost, these leaders are commonly outsiders who aren't afraid to disrupt the status quo. Organizations tend to build up their own "geological" strata. Whether centered on process, system, or culture, peeling back the layers to recover and refine the "why" underlying these various habits is the first step to eliminating cruft and restoring a common sense of purpose. At their core, these leaders offer their people a reset from thinking about inputs to thinking about outcomes.

Sometimes, this reset is expressed in dramatic fashion. One new executive leader stopped her staff mid-meeting and had them physically walk her through the process under discussion. It took them up and down floors and across offices in their sprawling headquarters. This experience made viscerally clear to everyone how broken the status quo truly was and established a new perspective.

While a reset is the first step, all change is, in the end, a people challenge. We've seen great leaders do two things that make a difference.

The first is to identify people's strengths and to give them the right roles and responsibilities. Strong leaders ask where people fall on the exploit-explore spectrum to determine their comfort level with ambiguity. A helpful model in this regard is the pioneer, settler, town planner model, derived from Robert X Cringely's "Accidental Empires." Pioneers love ambiguity and are open to failure, while settlers know how to take advantage of reasonably well-defined opportunities, and town planners scale those opportunities, bringing structure and rigor.

The second is to mentor and hire people, trusting that they can execute on the vision. Many leaders are afraid of individual initiative because it looks like chaos. But strict alignment and predictability don't just limit creativity; they also limit employee engagement. There's ample evidence to suggest these limitations directly harm competitiveness and growth.

> ## "While a reset is the first step, all change is, in the end, a people challenge."

There are simple steps effective leaders take to arm their people with the capabilities to adapt and stay focused.

One example is the outcomes-driven roadmap, a framework that flips the typical product roadmap. A traditional roadmap focuses on features and strict timelines, but the outcome-driven roadmap starts with "why." In a way, it's a more delimited and actionable extension of the overarching purpose great leaders articulate and continually communicate. While this framework does many things — including eliminating the risk from assumptions and aligning stakeholders with product teams — the most important result is to empower the team to solve problems rather than to implement features. This is just one example of a tool that effective leaders put in the hands of their people; it gives teams structure, while freeing them to solve problems on their own.

Lastly, we've seen highly effective leaders stay close to the people their organizations serve.

We recently had the opportunity to work with Heather Hage, President of the Griffiss Institute, a STEM talent and technology accelerator in New York's Mohawk Valley. She maintains an extensive network where she is able to effectively leverage partnerships. She is also hyper engaged with the wider ecosystem of partners and stakeholders to understand their needs, fostering open innovation, bridge building, and co-creation. These activities show her ability to mobilize the wisdom and energy in her network and show her entire organization the benefit of the elements

Shaun Gummere
Cantina

outlined above.

Purpose, trust, and flexibility are all things that take on new urgency when you see an effective leader bring them to life with the people — both within and without — who matter most to the organization.

As the business theorist Roger Martin outlines in his book *Creating Great Choices*, leadership is at its core a series of decisions. What we have observed is that organizations that "win" have leaders whose decisions add stability to what is otherwise a turbulent gap between exploitation and exploration. At an organizational level, doing only one of these well impedes or undermines success. But, the magic happens not in the abstract, but in the specific choices great leaders make. We've seen them deftly balance the two in practical ways.

Learn more about Cantina at www.cantina.co

16 Attributes to Develop a
Venture Mindset

BY CHRIS TACY, COPORATE INVESTING PARTNER AND BOARD MEMBER-IN-RESIDENCE, **MACH49**

In order for organizations to create a pipeline of new ventures internally – the kind of innovations that truly deliver meaningful growth for their organizations – there needs to be a challenge to the status quo and a cultivation of a Venture Mindset. This is the mindset exemplified by both great entrepreneurs and great investors who "see around corners," identifying and building new approaches and new technologies that drive organic growth from within.

It is the mindset adopted by companies like Goodyear – a 123-year-old company that continues to evolve its business, expanding beyond the traditional tire industry and establishing itself as a key player in the mobility revolution. Through its internal incubator, Goodyear is bringing new internal ventures to market, among them AndGo, a digital vehicle readiness platform to support the future of shared mobility, and SightLine, an intelligent tire technology that offers cost-reducing predictive analysis for fleets.

The Venture Mindset also drives the 110-year-old Hitachi, which built an incubator to accelerate future-forward lines of business.

Hicham Abdessamad, Hitachi America's Chairman, shares that Hitachi took "the Silicon Valley entrepreneurial approach and drove it inside a very large organization. Our goal was really to build new businesses that are going to be the next generation billion-dollar businesses for Hitachi, and as part of that exploration, we understood the need to fail very fast, and to be very agile." (Read more here on the six steps that Hitachi took to jumpstart organic growth and diversification).

As your organization seeks to create new growth and keep ahead of external disruption by building new internal ventures, cultivating a Venture Mindset should be a priority.

As someone who works with our growth accelerator team at Mach49, I have experience with the Venture Mindset. Here's my list of the key attributes of that mindset:

1. Growth orientation.

Those with a Venture Mindset are uninterested in incremental growth — exponential growth is what matters.

2. All about value creation.

Growth is the north star for those with a Venture Mindset; but it's only because through growth, we create value. Creation of value is the end goal, always.

3. Risk tolerance.

Having a Venture Mindset means embracing risk — for without risk, there is no reward. Embracing risk is not about acting recklessly, but about balancing the appropriate level of risk with potential payoff.

4. Acceptance of failures.

Having a Venture Mindset means embracing the reality that nine out of ten investments will fail.

5. Disruptors of the status quo.

Exponential growth always disrupts, and it's through that disruption (of a market, a sector, a technology, or an industry) that opportunities are created. Having a Venture Mindset means looking for the chance to disrupt the status quo — to knock over the apple cart.

6. Focused on opportunity.

Those with a Venture Mindset see the opportunities in every situation, rather than fixating on the risks. After all, risk and opportunity are flip sides of the same coin.

7. Understanding of the power law realities of investing.

Build a portfolio; walk away from the bad deals quickly; double down on the winners.

8. Portfolio thinking.

It's never about any single deal, but rather about the entire portfolio.

Chris Tacy
Mach49

> **"As your organization seeks to create new growth and keep ahead of external disruption by building new internal ventures, cultivating a Venture Mindset should be a priority."**

9. High volume.

The more ideas, the better. The more inputs, the better. The more perspectives and knowledge, the better. The more deals... the better. More is better.

10. Prioritize people (founders, team) over technology.

A great founder and/or a great team can pivot to new technologies, new businesses, new products and create wins. A weak founder and/or team cannot.

11. Prioritize execution over ideas.

Those with a Venture Mindset understand that there were more than a dozen sets of people who thought, "We should sell books online," before Jeff Bezos came along. A great idea is great, but of no value by itself.

12. Comfort with unknowns. Comfort with ambiguity.

Those with a Venture Mindset are completely comfortable coming to conclusions, having points of view, and making decisions/having conviction without complete data or knowledge.

13. Independent and self-sufficient.

People with a Venture Mindset can take care of themselves. They are comfortable with their own opinions, and they do not need support or consensus.

14. Doers, not delegators.

Having a Venture Mindset means doing the work (all of it). There are no passengers on a venture, or in a fund.

15. High velocity, high efficiency.

Anything that decreases speed, pushes away from action and decision, or adds friction must be killed with fire.

16. Intolerant of blockers and politics.

Having a Venture Mindset means being rabidly focused on your goal and your velocity. Anything that slows you down, which distracts from the goal, or which handicaps your performance, is an existential threat that must be removed.

Contact growth@mach49.com to learn more about the Mach49 process and the many corporate venturing clients we support.

Learn more about Mach49 at www.mach49.com

10 Most Popular Tech Scouting Questions Answered

BY LUDWIG MELIK, CHIEF EXECUTIVE OFFICER, **PLANBOX**

Our natural tendency is to get distracted by the next shiny object. Yesterday it was blockchain, today it's the metaverse, and tomorrow it will be some other 'verse'. But how do large companies really track, identify, and launch initiatives that create value from these emerging technologies? More often than not, the hype-to-reality cycle takes years, if not a decade, to see through.

Here are the 10 most popular tech scouting questions we've been asked over the years, and some best practice advice on what you can do to focus your efforts on maximizing output in the short-, mid-, and long-term.

1. Why are our tech scouting efforts not creating transformative opportunities?

Here, we should take inspiration from the Future-Fit Manifesto, which encourages "creating alternate futures over responding to change." Tech scouting initiatives are oftentimes too focused on the technology rather than the future state that the organization wants to create for itself and its stakeholder community.

A tried-and-true approach is to design discovery sessions that leverage the 4 lenses of innovation. This allows you to explore new possibilities that you otherwise would not have considered. In short, these sessions take you through a guided framework of gathering clues, drawing meanings, developing hunches, formulating insights, and discovering opportunities. The technologies that enable the solution you seek will reveal themselves accordingly.

One such use case is that of the New Zealand Hemp Industries Association (NZHIA), which set out to find white space opportunities for what they see as the crop of the future. In collaboration with a nationwide community of researchers, industry leaders, entrepreneurs, and more, NZHIA identified 31 breakthrough innovations using a single, 8-hour discovery session.

2. How do we align our tech scouting efforts with our corporate strategy?

This problem especially manifests itself when organizations allow their tech scouting efforts to be dictated or distracted by inquiries that create a flood of requests — and, as it were, the squeaky wheel gets the oil. OKRs (objectives and key results) are an excellent way to set the right goals for the organization. The challenge is to ensure that they cascade down and across the organization to help frame the intent of each initiative and ensure its strategic fitness. This approach provides your team with the exact areas to scout. This simple check is a critical one before you spend too much time and effort going down the proverbial rabbit hole.

Examine your corporate strategies and brainstorm on ways to integrate new technologies to drive them forward. For example, try to conceptualize how you can expand into new markets using machine learning, artificial intelligence,

etc. This helps to align tech scouting efforts with strategy while also motivating everyone to look at how these new technologies can positively impact the business.

3. Why do our lines of businesses pushback and do not engage us in Proof of Concept (POC)?

Everyone is already busy doing their own thing. The last thing anyone wants to do is to take on new work they didn't ask for. Building close relationships and asking each business unit to request their top desired outcomes helps create goodwill between both sides, which you can then leverage to bring in prospective technologies that they can help evaluate. A good place to start is to make sure the tech scouting opportunities are as widely appreciated as possible. It is a common misstep to assume everyone sees the value of working with new technologies, experts, and startups. Running workshops on the topic or even regular company events such as "Coffee & Disruptive Tech" are engaging ways to communicate the why.

4. How should we structure our tech scouting efforts?

There are two prevailing approaches and each has its own merits. The choice will depend on the maturity level of your current team as well as your leadership support. The ideal method is to think about creating a center of intelligence. This means that from an organizational perspective, there is a commitment to work together, build a knowledge base, and ensure that information is shared in a way that allows people to leverage each other's work without duplicating efforts.

A simpler and more pragmatic approach is to use a challenge-driven model that tackles specific problems with a clear start and end date. The beauty of this approach is that the outcomes are clear and there is a sponsor ready to fund the right solution. Organizations that are struggling or just getting started should opt for this model due to its low-cost and quick turnaround. That being said, regardless of model, making technology scouting data accessible across the organization will ultimately increase adoption.

5. How many tech scouts do we need?

Technology landscaping can be focused broadly into three key areas: topic search, technology areas, and more formal tech scouting challenges. Depending on the function you have in mind, a typical tech scout can manage 10-12 targeted campaigns on an annual basis. The questions in turn are how many solutions are you seeking and what are the number of POCs you are willing to fund. Tech scout productivity can be aided by tools designed for this role that leverage AI technologies to find relevant data points in internal or external data sources and reduce costs by 30-50%. Using an expert network is also an excellent way to reduce reliance on internal resources and run more

Ludwig Melik
Planbox

targeted searches where traditional methods have fallen short.

6. What's the difference between trend analysis, emerging tech, and corporate venturing?

It's important to define and understand the differences between trend analysis, emerging technologies, and corporate venturing work. All three areas are reflected in the continuum of the kind of work you need to do across the spectrum. Trend analysis looks at what's coming and monitors important market shifts you need to take advantage of. Emerging technologies are new promising advancements that can change how your organization and customer jobs will be done in the future Corporate venturing is the process an organization will invest in to evaluate and adapt new technologies. The Technology Readiness Level (TRL) is an effective model to understand and prioritize your tech scouting efforts and get a better sense of when and how to get serious about an area or technology.

7. When should we turn to external tech scouts for help?

Always. Going outside should not be the first or the last thing to do, rather something an organization should always do together. More than ever, combining internal resources with external ones makes good business sense. New AI technology allows an organization to tap into outside content and data sources more intelligently, but by definition, tech scouting means you don't have all the answers. External tech scouts are now much more easily reachable through expert solver networks; they can create incredible opportunities by finding nascent areas and experts which may be difficult to surface in a mountain of data. There should be a few projects each year you mandate to be external only so that you build the knowhow and can continue to perfect the model over time.

8. How do we avoid getting a data deluge from startups?

Waiting for the right idea to drop or the right startup to reach out to you means that you need to sift through a lot of information. A smarter approach is to limit traditional interactions and instead create online communities that allow you to receive suggestions that are bucketed by focus area. This also helps to send a strong message to your customers and ecosystem that you are serious about co-creation and collaboration. That online space can also be used to run targeted campaigns for specific events. This approach will also help better formalize your data collection efforts and ensure you have a classification system that will help you track and report on this work for many years to come.

10. What are the most effective tech scouting metrics?

You'll need a mix of activity and impact metrics. Activity metrics can include simple progress counts on work being completed against tech scouting topics, technology areas you are tracking, campaigns underway, POCs in play, and projects completed. You can then measure progress in terms of the tech scouting portfolio with opportunity areas scouted, technologies being considered, innovation horizons pursued, focus areas addressed, business units impacted, and potential deals in the pipeline. The goal should be to create enterprise-wide visibility through executive dashboards that enable everyone to see what's working and where your efforts are focused.

Bonus Questions

11. How can your tech scouting program attract the right startups?

Unless you do something often enough, you do not have the right muscle memory to do it well each and every time. Working with the right experts can help you build a 'Startup Showcase' *à la Medco Foundation*, which makes use of focus areas that communicate your priorities and other time-limited challenges that outline the kinds of immediate solutions you are looking for. In both cases, you need to ensure you have a proper market outreach strategy that outlines your communication approach and reward considerations. It's a crowded marketplace and there are many competing voices trying to be heard. Startups will gravitate to those that demonstrate a clear, concise, and consistent approach to collaboration.

12. How can tech scouting impact our sustainability efforts?

This is probably one of the easiest ways to ensure you have a clear, outcomes-based approach. Many sustainability challenges are rooted in digital transformation shortcomings. The good news is that they can be solved with the emerging technologies spawning from the Fourth Industrial Revolution (4IR). The United Nations' 2030 Agenda has put forth 17 Sustainable Development Goals (SDGs) that are fast becoming mandates for large organizations — so much so, in fact, that environment, social, and governance (ESG) reports now include these UN commitments.

4IR technologies such as artificial intelligence, internet of things, and augmented/virtual reality, among many others, have the potential to enable new approaches that reduce the cost of sustainability solutions and the timeline for delivering them. The SDGs are excellent focus areas you can use to drive alignment between tech scouting initiatives and the corporate strategy. As stated in the Future-Fit Manifesto, "continuous attention to emerging trends, regulations, and governance enhances future-fitness," and a future-focused tech scouting initiative that uses the 2030 Agenda as a business lens will reveal sustainability challenges that can lead to breakthrough opportunities.

Learn more about innovation at Planbox at www.planbox.com