Innovation Agility

Who says the corporate behemoth can't achieve it?

Iqbal Singh

- Product Line Executive
- Incubator Executive
- Enterprise Lean-Agile

Net Objectives

Innovation Agility

*An enterprise's ability to thrive in the dynamic business environments by **extending existing or defining and executing*** **new business models** in a way that creates an **innovation pipeline** to continuously and rapidly **reinvent the business.***

* *Including required technologies*
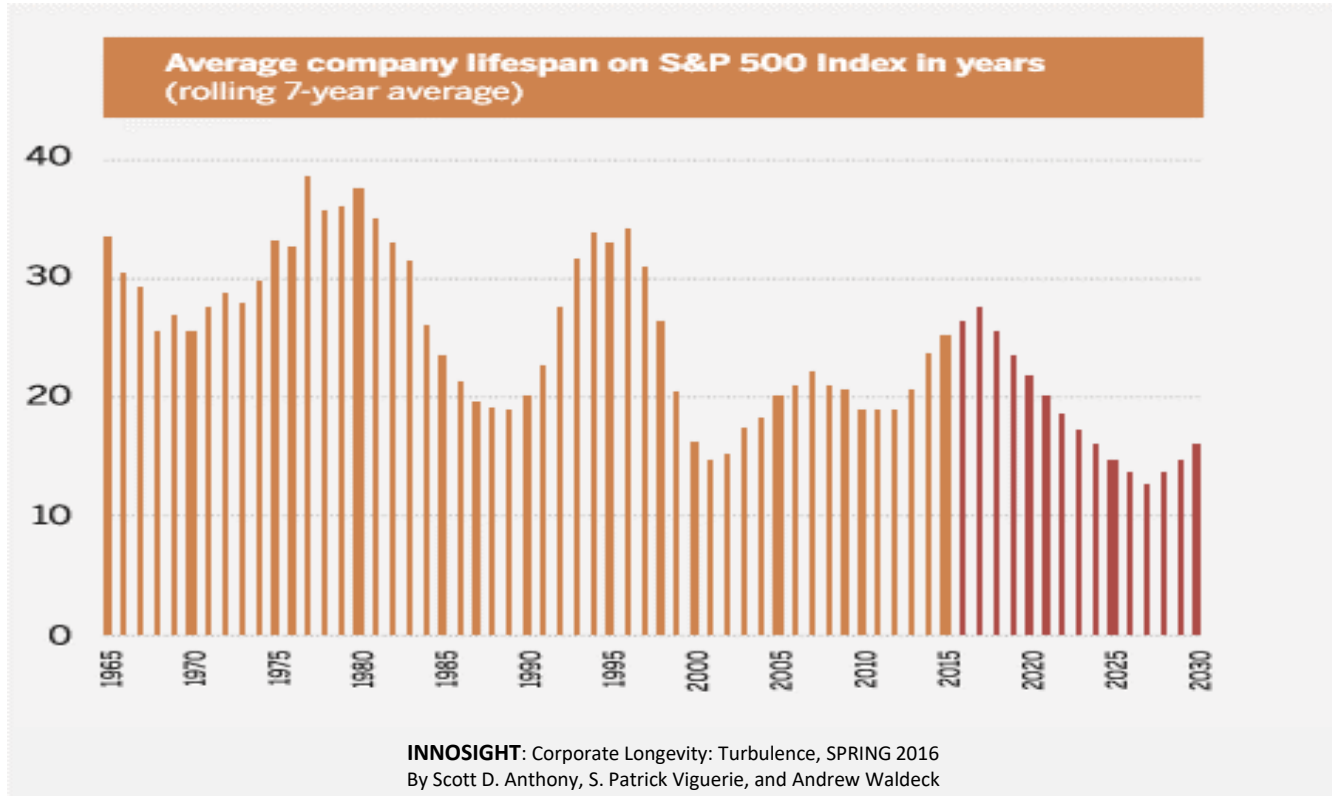
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What moment is this?

It's **"the Kodak Moment"**

Is it really?

It's **"Selfie Time"**

Kodak, at one time the fourth largest company in the US, disappeared
It's not an anomaly.

Innovate Or Evaporate

Average company lifespan on S&P 500 Index in years (rolling 7-year average)

INNOSIGHT: Corporate Longevity: Turbulence, SPRING 2016
By Scott D. Anthony, S. Patrick Viguerie, and Andrew Waldeck

- **Average tenure of a S&P 500 company is about 40% lower and going down.**
  - 33 years in 1960s
  - 20 years in 1990s
  - 14 years in 2026 (forecasted)

- ~50% of the S&P 500 will be replaced over the next 10 years.

Period of relative stability is behind us, this is period of accelerating change and

Enterprise Survival Requires   **Continuous Innovation**   **=>**   **Business Innovation**

Do enterprises and leaders understand that?

Well!

Most say they DO!
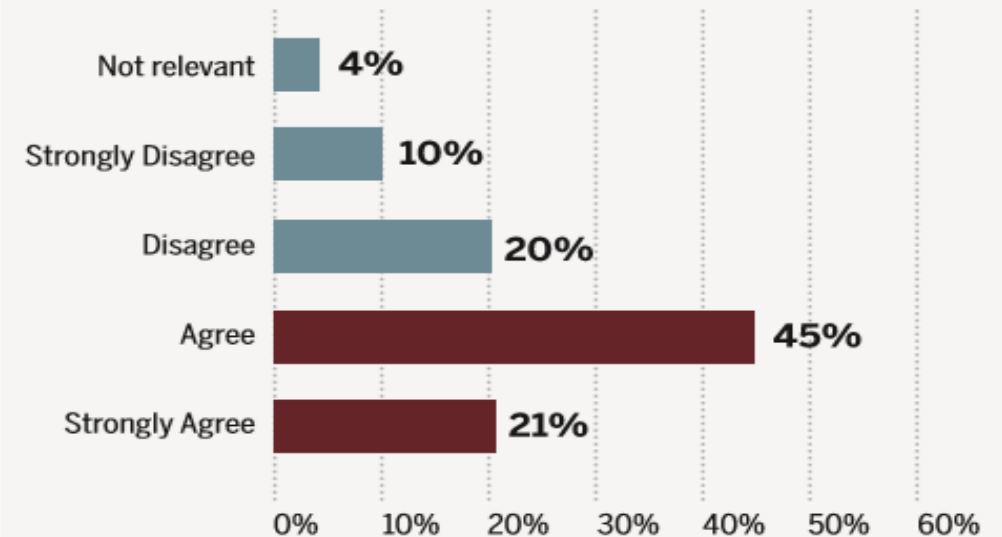
I believe they can also achieve that !

They just need to overcome some of the impediments.

CHART 1
Widespread recognition of need to transform

To what degree do you agree or disagree with this statement:

"Our organization recognizes the need to transform—that is, to change our core offerings or business model—in response to rapidly changing markets and disruption"

Category	Percentage
Not relevant	4%
Strongly Disagree	10%
Disagree	20%
Agree	45%
Strongly Agree	21%

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Innovation Agility acceleration journey at a multi-billion global company

- ✓ **Worldwide sales offices**
- ✓ **R&D in 3 continents**
- ✓ **1000s of customers**

- ✓ Sales offices ▲
- ✓ R&D ■
- ✓ Incubator / Innovation Post ✴
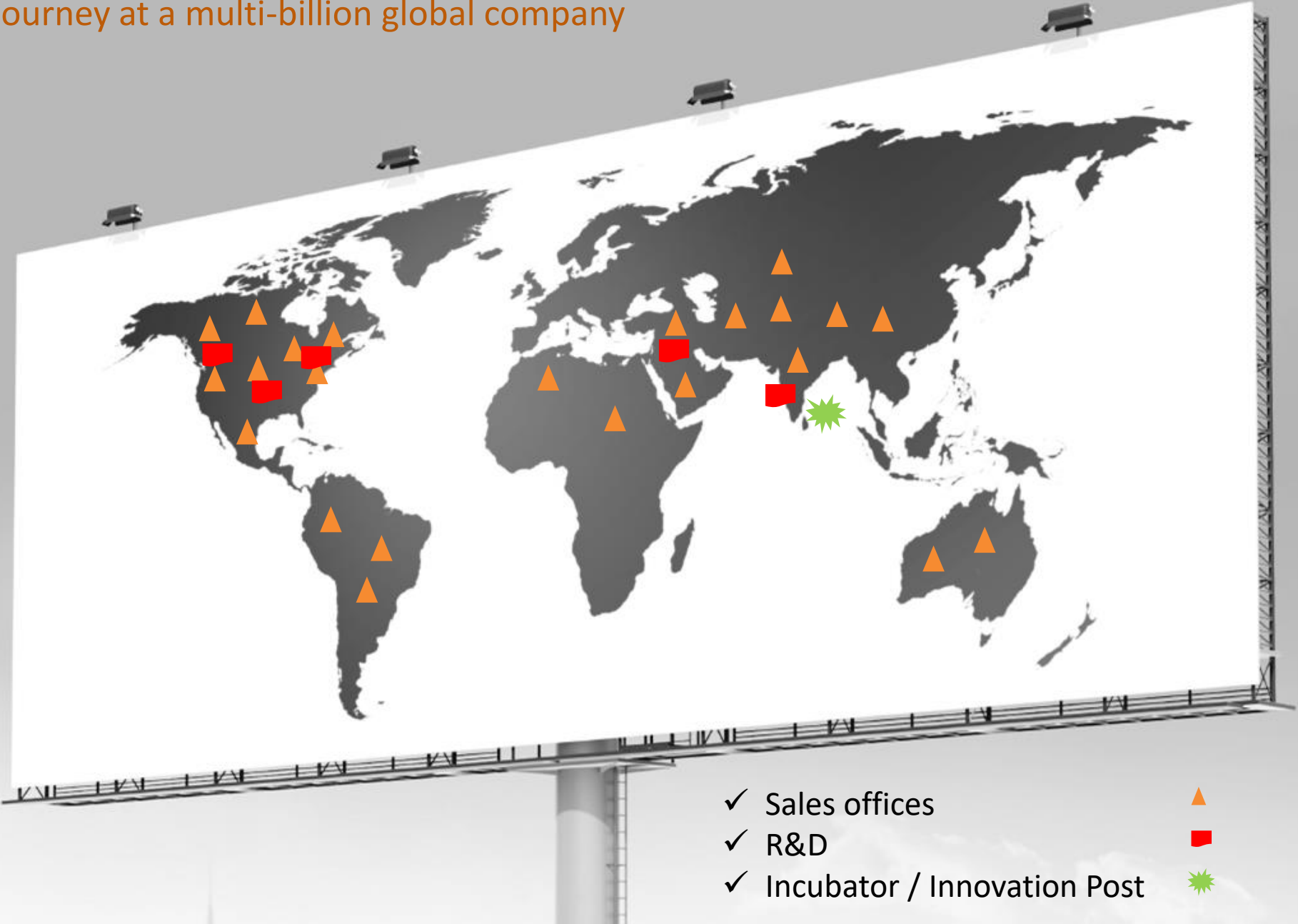
A Quick Overview

Started small
Set up an Incubator
Demonstrated success with key innovations
Shared the learnings across the enterprise and
Scaled the initiative
....
....

Innovation Agility: The Corporate DNA
3-Horizon innovation pipeline

A Quick Note On My Background and Presentation Topic

FROM

Product Line Executive

Global software strategy and development teams; product line P&L responsibility.

TO

Incubator Executive

New product incubation and being innovation catalyst.

Currently

Enterprise Consultant

Presentation Topic

My thoughts on **key impediments to "Innovation Agility"** based my own experiences leading innovation program and working with recent clients.

1. Absence of Intrapreneurial Culture

"Culture eats strategy for breakfast"
- Peter Drucker

"The culture is critical, and to change it, you have to change your management system."
- **Alan Shalloway**, *Net Objectives*

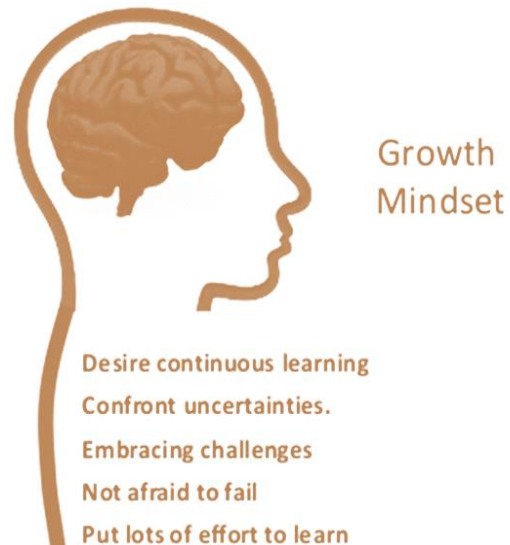# Cultivating the Intrapreneurial Culture

in·tra·pre·neurs

plural noun:

*"Intrapreneurs are **employees within a company** who posses **entrepreneurial spirit and qualities**. They consistently demonstrate a **strong desire, actions and success in spearheading new programs, products, services,** innovations, and policies within the large organization."*

Cultivating the Intrapreneurial Culture

Fostering Intrapreneurs

- "Entre/Intrapreneur are everywhere" –Eric Ries, Lean-Startup
- Not everybody is entre/intrapreneur.
- Intrapreneurs have "Growth Mindset"

Growth Mindset

Desire continuous learning
Confront uncertainties.
Embracing challenges
Not afraid to fail
Put lots of effort to learn

Based on research by Carol Dweck

Reducing uncertainty by experimenting and trying.

Inspect & adapt as they go about tackling the new problem.

Cultivating the Intrapreneurial Culture

Engagement and Motivation

Toss "command and control" management out of the window.

Autonomy	• Incorporates choice, self-direction
Mastery	• Devoted to Becoming Better and Better at Something that Matters
Purpose	• Connects quest for excellence to a something big

Source: Daniel Pink

Launched a program called "JUST DO IT"
- One full week (2-3 times year) for whatever you wanted to do.
- Alone or by forming a team.
- The expectation: a hint of what will be done and demonstrate the results.

Tremendous success all around – new ideas, happiness, motivation, creativity

Cultivating the Intrapreneurial Culture

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Well defined, transparent, uber PURPOSE for every initiative:
- Engrained in everybody's mind – from VP to Intern
- Unbelievable new ideas from people in trenches to achieve the goal.

2. Lack of Business Alignment

Technical Experimentation in Isolation

Technical experimentation may be necessary in most cases.

But "**Let's detect alien invasion**" is not the right technical experiment when you are in the CRM business.

Experiments must be driven by the desired business outcomes associated with the innovation.
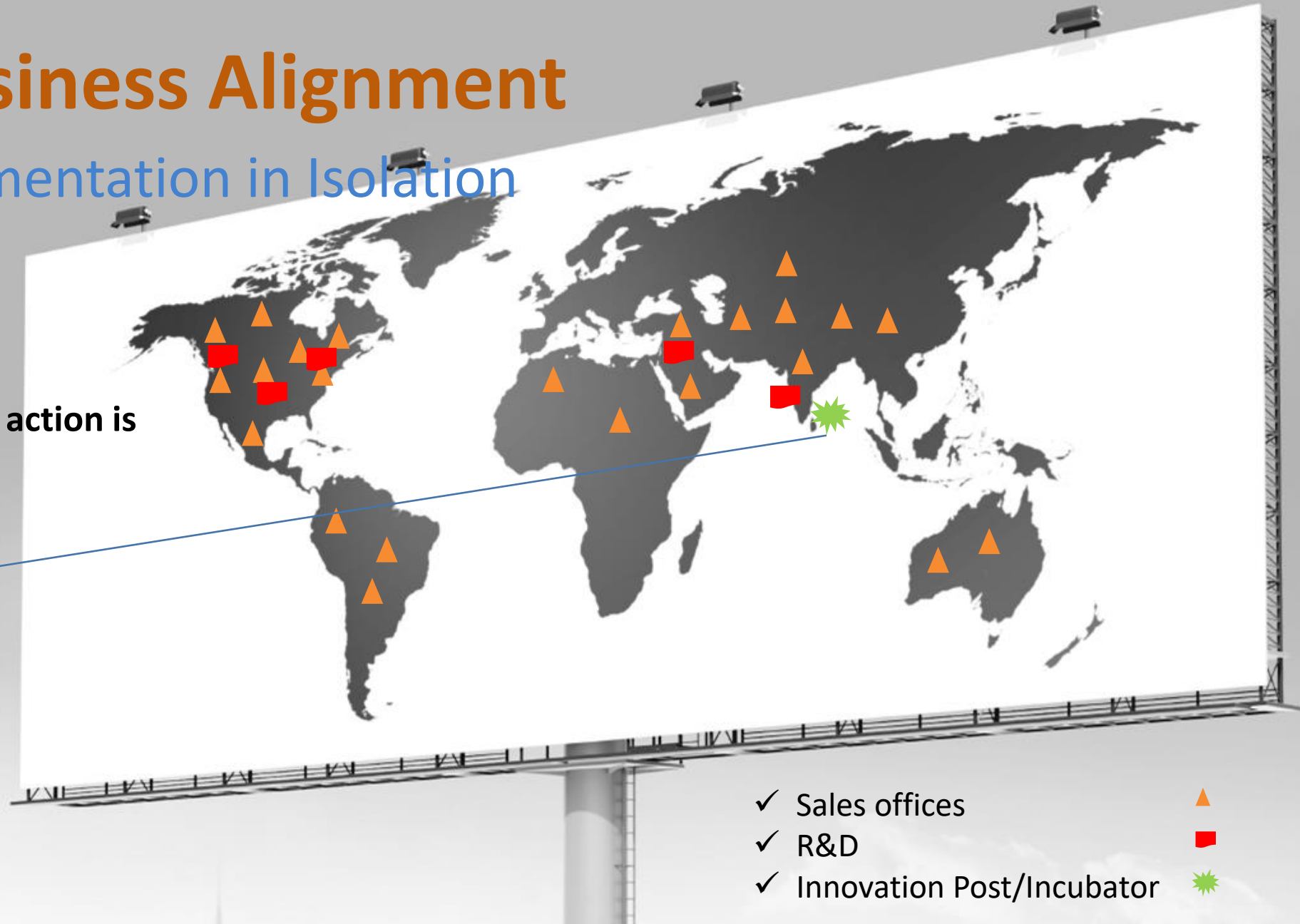
Creating Business Alignment

Technical Experimentation in Isolation

You setup incubators where action is

- Corporate Strategy
- Business Unit
- Large customer base
- Geo innovation hub

Lessons Learned:

Help filled the gap and provided the bridge to the business and "the action"

✓ Sales offices
✓ R&D
✓ Innovation Post/Incubator

Creating Business Alignment

▶ Everything starts with a **business model** that has assumptions/hypothesis

▶ Then a process to **validate those assumptions**
- Customer dialogs and release of minimal functionality (MBI, MVP)

▶ In a nut shell, we applied Lean-Startup thinking
- **Validated learning** via **experimentation: BUILD-MEASURE-LEARN** loop
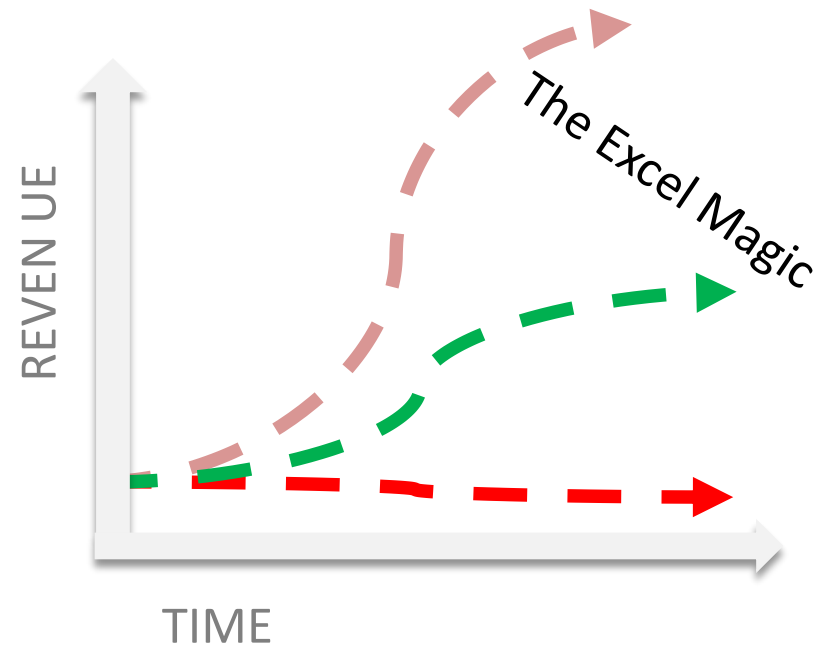- Fail fast, Learn fast, Decide fast

"One of the most important lessons of the scientific method – if you cannot fail, you cannot learn" – Eric Ries, founder Lean-Startup

3. Innovation Funding Misalignment
Big Upfront Funding Commitment

Idea

ROI

REVENUE

The Excel Magic

TIME

Which curve will help get the funding?

FUNDED?

Yes | No

3. Innovation Funding Misalignment
Big Upfront Funding Commitment

Big Upfront Funding Commitment = Low Number of Funded Innovation Program.

Bigger Bets = Bigger Risks = Big-Failures = Loss of Trust and Interest

(in innovation programs)

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(in the innovation programs)

# Creating Funding Alignment

Morph "BIG Up Front Funding"
TO   "Funding Small Experiments and Revisiting On Further Learning"

Innovation Accounting
- Lowers risks - **Fail cheap, Learn cheap, Innovate cheap.**
- More at bats.
- New **metrics:** better innovation management (e.g. Cost/Failure; Time/Learning, Knowledge/Assumption ratio)
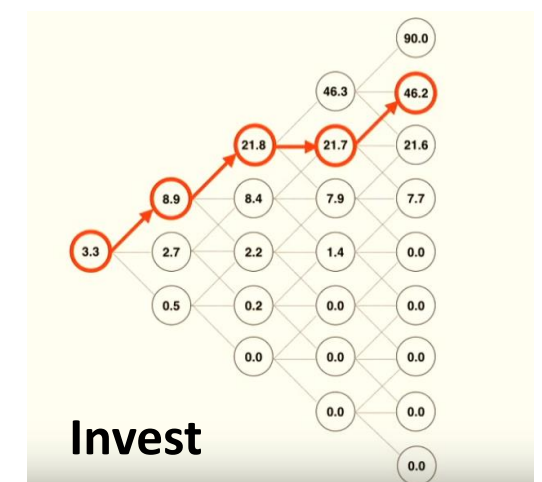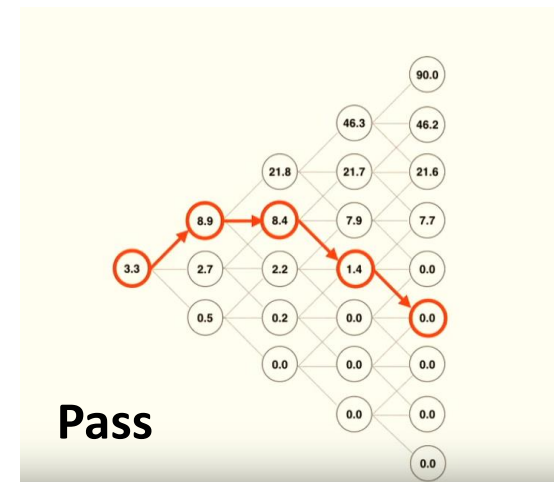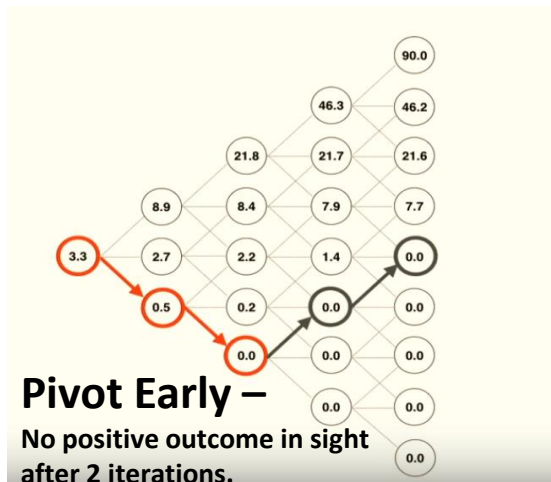- Builds the **credibility** with CxO especially CFOs.

Idea

Business Model
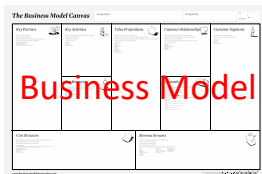
Small Funding

Validated Learning

Pivot Early –
No positive outcome in sight
after 2 iterations.

Pass

Invest

David Binetti, Using Innovation Accounting for Valuation and Risk Management

4. Being "BIG" Is A Burden

Large global **customer base** and **tons of products** to support

Henry Ford once said that if I had asked people what they wanted they would have said "faster horses."

…..but in today's world, the opportunity to tap into the **diverse and intelligent customer base** and understand their needs is

Priceless!

Customer

Enterprise

Customer base is a "Big Advantage" not "Big Burden"

Make customers the center of the innovation program

- Customer **Innovation Advisory Council**

- Customer **as Design Partners**

- **Internal knowledge**: Supporting functions (SC, PS) part of the innovation team.

Net Objectives

New Product Incubation: from Hypothesis to Value Delivery

Discovery: Emerging trends hinted a new opportunity.

Hypothesis:
- A new customer segment and new persona is emerging.
- A big-data analytics platform will solve new problems.

Seed Funding : Round-1 funding provided for validated learning.

Learning:
- Recruited key customers as design partners.
- Released 3 alpha products to design-partner customer.
- Feedback lead to **PLATFORM PIVOT** and a new Business Model
  - A product with integration with existing portfolio.
  - Leverage existing channels

Next Steps:
- Secured Round-2 funding for updated and validated Business Model
- Built and release the product.

Result:
- 30+ Fortune-100 customers within 6 months of release.

The Business Model Canvas
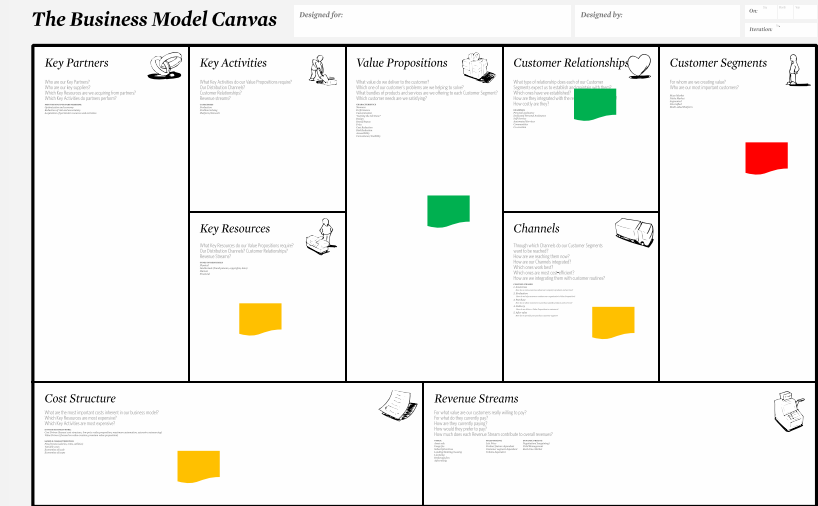
BM Canvas is for illustration purpose:
Indicative of the assumptions that were right, somewhat right, or wrong.

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Parting Thoughts / Recommendation

Summary

❖ **Don't ignore the accelerating change and need for "Innovation Agility"**

❖ **Don't let culture eat your innovation strategy.**
- ▸ Top-Down commitment and communication
- ▸ Foster Intrapreneurship
- ▸ Create engagement with **autonomy and purpose**

❖ **Align innovation processes to Lean (Lean-Startup) methodologies**
- ▸ Focus on validated learning – build (MVP, MBI), measure, learn.
- ▸ Align funding process to support the above.
- ▸ Align metrics with methodology

❖ **Make customers the center of our innovation program**

❖ **Develop an "Innovation Agility" transformation roadmap**

❖ **Develop 3-horizon innovation pipeline**

Innovation Agility Transformation Roadmap

**Start small, but move fast while continuously tightening the alignment
with the business models and focus on business incubation and making it part of the corporate DNA**

1. Innovation Agility: Initiation

▸ Make **innovation** a key corporate agenda and communicate (repeatedly)
▸ Set up an innovation-outpost to start with technical experimentation and market research.
▸ Keep innovation-outposts (at least parts of it) closer to the action (corporate strategy, customer, sales)
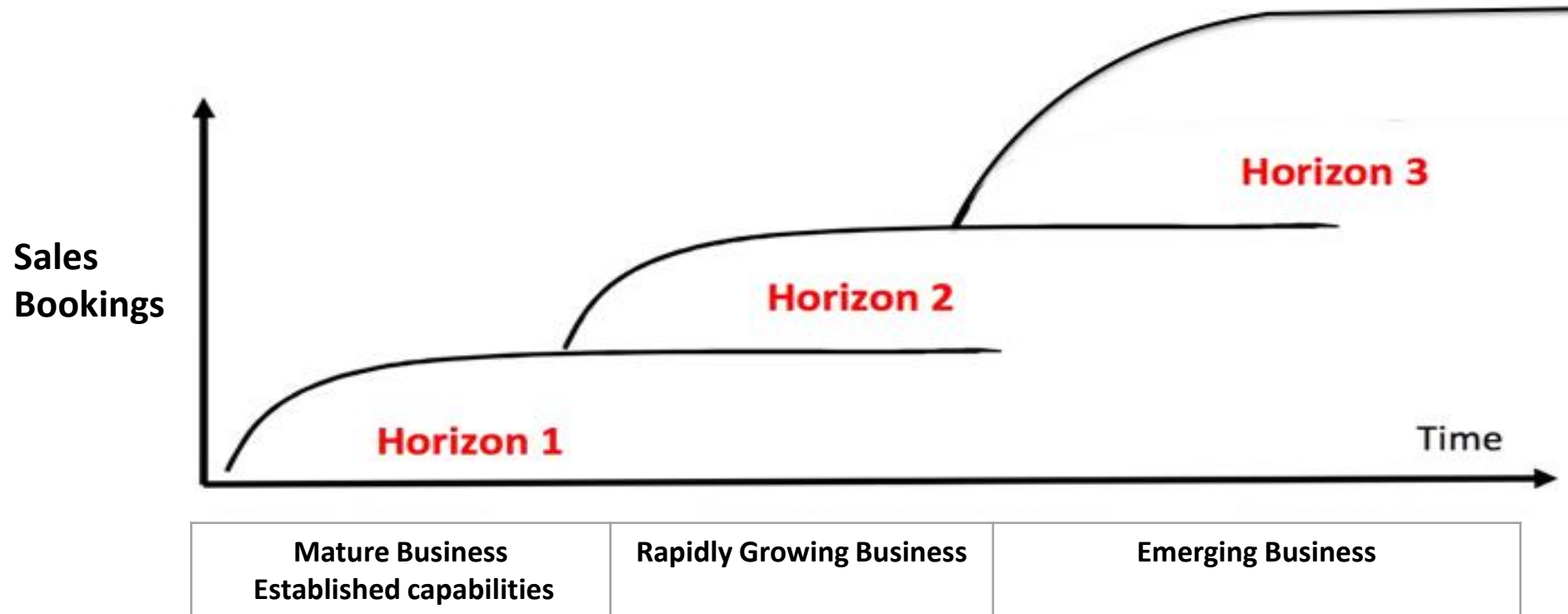▸ Start BU level incremental innovation activities (e.g. hackathons, just do it).

2. Innovation Agility: Business Incubation

▸ Morph innovation-outpost agenda from small scale research to broader "sense and respond"
   ▸ SENSE innovation developments that can be market opportunities or threats
   ▸ RESPOND: Incubate, M&A targets, Partnership
▸ Upgrade your innovation funding and measurement process (e.g. innovation accounting)
▸ Create tight BU and innovation–outpost alignments to facilitate business models aligned innovation.

3. Innovation Agility: Corporate DNA

▸ Don't make Innovation only the birth-right of innovation-outpost.
▸ After a few successes – start small innovation centers within BU
▸ Leverage the success to get more teams involved and make it part of the corporate DNA.
▸ Develop a **3 Horizon innovation pipeline**.

Net Objectives

Innovation Pipeline For Three Horizons of Innovation

Sales
Bookings

Horizon 1

Horizon 2

Horizon 3

Time

| Mature Business Established capabilities	Rapidly Growing Business	Emerging Business

Innovation Agility

Yes!

The large corporations can absolutely achieve that.

Don't let your innovation wheel rust.

NetObjectives

- ASSESSMENTS
- CONSULTING
- TRAINING
- COACHING

Lean-Agile Executives
Agile Product and Portfolio Management
Innovation Agility

Business

Lean Enterprise

Team   technical
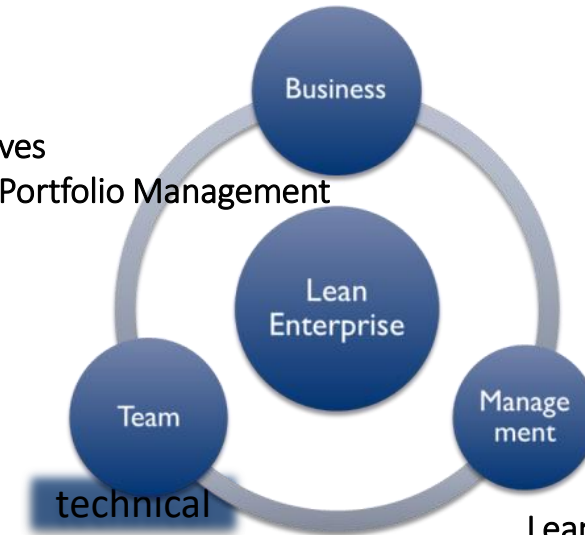
Management

Kanban / Scrum
ATDD / TDD
Design Patterns / Agile Architecture

Lean Management
Project Management

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