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Five ways to boost the impact of new endeavors without adding bureaucracy or cost.

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## Five ways to boost the impact of new endeavors without adding bureaucracy or cost.

by Robert C. Wolcott and Jørn Bang Andersen

When innovation initiatives succeed, company leaders typically respond, "Great. Now do more!" This provides affirmation, but it also presents the innovation team with two challenges: scalability and funding. First, many innovation initiatives cannot be scaled in a linear fashion. Adding more people often adds complexity and bureaucracy, and often impairs the communication and creativity of the original successful innovation initiative.

At BP, for example, Daru Darukhanavala, the company's chief technology officer for digital and communications technologies, created an innovation team in 1999 with just 18 people and a modest budget. It has returned between US$100 million and $200 million per year in cost savings to BP, as documented by the business units assisted. Darukhanavala has resisted pressure to expand his group because he knows part of the magic comes from its size. The company keeps the team small to replicate the nimble, no-bureaucracy approach of venture capital firms.

The second challenge is that although leaders want more innovation, they are often unwilling to provide sufficient funding—even for those initiatives that have already proved successful. Defending noncore innovation budgets is always difficult.

Over the past decade of exploring innovation initiatives across many industries, we have seen numerous promising initiatives falter in the face of one or both of these obstacles.

How, then, can you take successful models for innovating, typically tested at a smaller scale within special-purpose teams, and expand their impact? How can you do so with limited additional personnel and funds? Over the past few years, we've discovered five reliable ways to overcome this challenge.

**1. Replicate proven models.** With all due respect to Kafka, human-sized insects don't work. An insect's living systems can't function at that size. Insects can, however, scale up through replication. Innovation teams can do the same, though some models replicate better than others. For example, complicated initiatives or those dependent on a few key individuals or assets tend to be difficult to scale by replication. If you decide to replicate an initiative, define a model based on core principles and ensure that leadership and mentorship are readily available.

Replication is how BP CTO Darukhanavala met the challenge referred to earlier: Instead of expanding his small innovation team, he sent one of his core team members to help another business—renewable energies—create its own version of his program. They have applied the core principles and behaviors of the original program, but in the pursuit of different objectives: discovering and piloting alternative energy solutions for BP's long-term growth. Darukhanavala's team continues to be available for consulta-

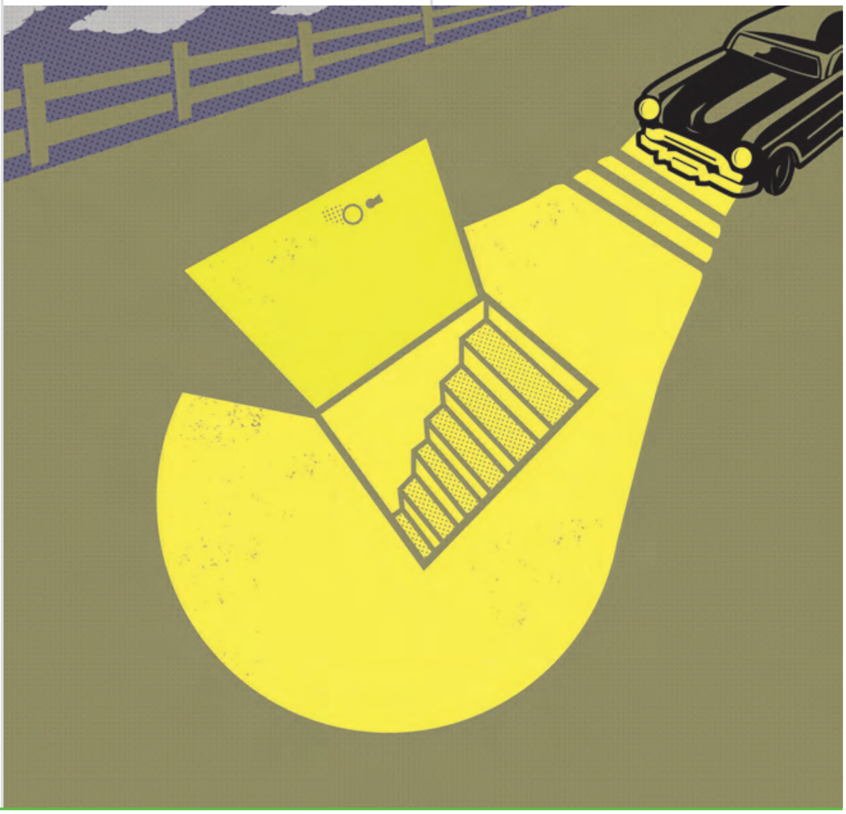

Illustration by Christian Dellavedova

tions as the new group grows. The team has since helped to implement similar methodologies with other BP businesses, such as Castrol.

The TED Conference, an invitation-only confab hosted in California each year to share "ideas worth spreading," provides another example. As the program grew in popularity, the TED team recognized that the conference could scale through leveraging the global community of TEDizens, as they're called. They realized that creating more and more TED events themselves would require radical scaling of the organization, as well as a far greater commitment of the scarcest resource: expert facilitation provided by curator Chris Anderson and his team. By launching TEDx, a licensing platform offering individuals and organizations access to the TED brand, methodology, and global community, TED was able to proliferate its experience to thousands of events worldwide, curated by individual licensees. TED does not retain editorial or production control of TEDx events, so quality varies. But the core team maintains basic standards for all TEDx licensing, and selects a small subset of high-performing TEDx programs to support with advice and exposure within the global TED community.

**2. Invest in areas with broad potential that provide options.** When considering where to invest, leaders should ask, If my core hypothesis fails, does this investment still provide other paths? To how wide a range of industries or applications might this investment apply? What new capabilities does this investment create for the company, and to what else can they be applied?

In 1999, IBM launched its emerging business opportunities (EBO) program, an initiative within the corporate strategy group created to define and build new businesses that would later be transitioned to IBM business units. After the program proved its value, which then CEO Sam Palmisano credited with more than $15 billion in new revenues as of 2006, company leaders considered replicating the EBO program widely. IBM instead opted to concentrate on a smaller number of opportunity areas, shifting its focus to pursuing new businesses as platforms, so that multiple businesses could be spawned from the original startup. Even if the original concept fails, the capabilities and insight generated could lead to many other opportunities. Rather than seeking individual innovation opportunities in an area like analytics support for pharmaceutical trials, for example, IBM would invest in broader capabilities like healthcare informatics, applicable across the life sciences.

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Only gradually did IBM find a way to replicate the program more broadly. It went further with its Smarter Planet initiatives, bringing together capabilities, technologies, and people from across the company to address larger, more complex challenges faced by enterprises, municipalities, and national governments. Martin Jetter, vice president of strategy at IBM, described it this way: "The point is to organize IBM around critical challenges faced by wide groups of customers and stakeholders, applying IBM's capabilities across the company to their solution."

**3. Recruit and support evangelists.** Given the power of social media, customer evangelists are becoming increasingly potent forces for growth. The same can be true for innovation initiatives. Evangelists can be employees who have been part of, or who have engaged with, the innovation team, or people from outside the company.

Consider Lego, the iconic Danish toy company. For many years, Lego focused its new product development on serving an ever-wider group of consumers. But as the company searched for mass appeal, the enthusiasm of its lead users waned, which led to a lull in sales. In response, Lego engaged its lead users in a complete reenvisioning of its Mindstorms robot kit in 2006. Today, Lego engineers regularly work directly with Mindstorms evangelists, often engineers themselves. Giving customers such access significantly enhances their input and brand advocacy. Members of the "Lego evangelist community" actively promote Lego's products online and off.

Evangelists can also expand an innovation initiative's impact inside the corporation. In 2009, Kraft Foods established the Global Technology Council (GTC), a cross-company group, to identify and invest in technologies with the potential to create competitive advantage four-plus years out. Over two years, the GTC created a portfolio of investments ranging from affordable products for developing markets to cutting-edge packaging.

The GTC members came from various product categories and geographies and were selected for their acumen and interest in enhancing innovation at Kraft. In addition to contributing insights, this diverse group built a sense of ownership for the GTC's decisions, advocating for these long-term investments within their markets and functions. The group helped ensure that long-term R&D investment was protected when Kraft split into two companies in 2011.

**4. Nurture internal and external ecosystems.** Innovation initiatives require resources, people, and organizations in order to grow. Unfortunately, many innovation teams operate in relative isolation, removed from potentially rich environments of engaged partners. They seek input from both inside and outside the company, but they do so on an ad hoc basis. The people with whom they interact often don't have an active interest in the team's success.

The startup world understands the power of ecosystems. Proven models like Techstars and Y Combinator select startups through a competitive process, then connect them with mentors, potential partners, investors, and team members during an intensive, facilitated process. The startups become part of a set of dense relationships among players who were critical to their success.

GE's Innovation Accelerator, led by chief marketing officer Beth Comstock and her team, adapts this ecosystem notion for a corporate environment. In 2011, GE selected six teams tackling major innovation opportunities for GE businesses. The CMO's office gathered experts from a range of backgrounds over a nine-month period to challenge the teams' assumptions and conduct a series of working sessions. Comstock and her group also recruited external coaches for each team and created an advisory panel of five external experts who review plans, challenge assumptions, and provide guidance. The coaches and panelists have no executive authority, but their perspectives play critical roles in shaping thinking and action plans. Innovation Accelerator director Viv Goldstein says, "The coaches and advisory panel help us build an ecosystem of partners into our process. They challenge our GE assumptions and offer our innovation teams access to a wider world."

**5. Activate broad networks.** Whereas ecosystems involve relationship depth and active commitment, more general networks provide breadth of access to diverse knowledge and capabilities. Socializing your team's objectives and challenges with broad networks enhances the potential for others to offer opportunities and solutions.

Over the past decade, new organizations have arisen to create communities of innovation leaders. The online platform Innovation Excellence includes a network of more than 5,000 innovation practitioners and thought leaders, a number that has grown rapidly since the site's founding in late 2010. Participants can register and browse, or take active roles within the community. Innovation Excellence offers broad access to the innovation arena, but as an open community, it applies only limited efforts to screening members.

In 2003, the Kellogg School of Management at Northwestern University founded the Kellogg Innovation Network (KIN) to create a community of corporate innovation and growth leaders. It has since evolved into an invitation-only group of leaders from business, government, academia, the nonprofit sector, and the arts. The KIN is financially supported by its members and leverages the neutral platform and intellectual rigor of the university. The KIN's diversity enhances the likelihood that participants will connect with people they don't normally meet, offering new perspectives, insights, and opportunities. Building on regular in-person events, KIN members—or KINians, as they call themselves—create relationships and collaborate on their own agendas.

These five approaches can expand the scale and reach of innovation initiatives, even in situations in which adding people or funding may be neither optimal nor practical. They require varying degrees of investment and can be applied by companies of all sizes; however, in this arena, large companies have the advantage. Although successful startups might win more admirers, larger companies can seed more replication, build broader and deeper ecosystems, engage more networks, support more evangelists, and invest in more growth platforms. But enterprises will achieve their potential only if they have the guts, commitment, and patience to make meaningful change happen at scale. +

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