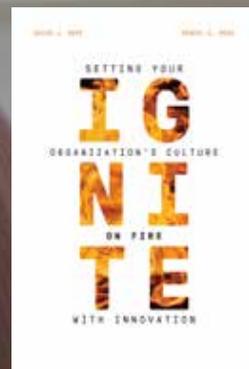STEVE GUENGERICH PRESENTS

CORPORATE
INNOVATION

BEST PRACTICES FOR LEVERAGING STARTUP ECOSYSTEMS & IGNITING NEW IDEAS

WITH **DAVID J. NEFF**
AND **RANDAL C. MOSS**
AVAILABLE ON **amazon**

A NEW ERA FOR CORPORATE INNOVATION

Innovation is having another "moment." While innovation is always a topic on corporate agendas, like everything else it seems go through cycles of more and less importance.

Now seems to be one of those moments of more importance. The topic of innovation is on everyone's lips. How do we innovate more? Faster? With more impact on the business?

Some would like to think innovation's moment is inspired by the rewards of discovery or being first-to-market with new products and services. However, the reality is more likely better captured by the phrase made famous by Intel's iconic chairman Andy Grove: "only the paranoid survive."

Fear. Uncertainty. Anxiety about surviving an industry disruption. These are powerful forces driving innovation in corporations.

Mary Meeker, KPCB's guru, calls what we've been experiencing the past 10 years "re-imagining" as in "re-imagining the _____" where the blank is an entire industry (see the figure: "Re-imagining Transportation")

RE-IMAGINING TRANSPORTATION = ANOTHER NEW PARADIGM IN HUMAN - COMPUTER INTERACTION ... CARS

Is it a Phone...Is it a Camera?

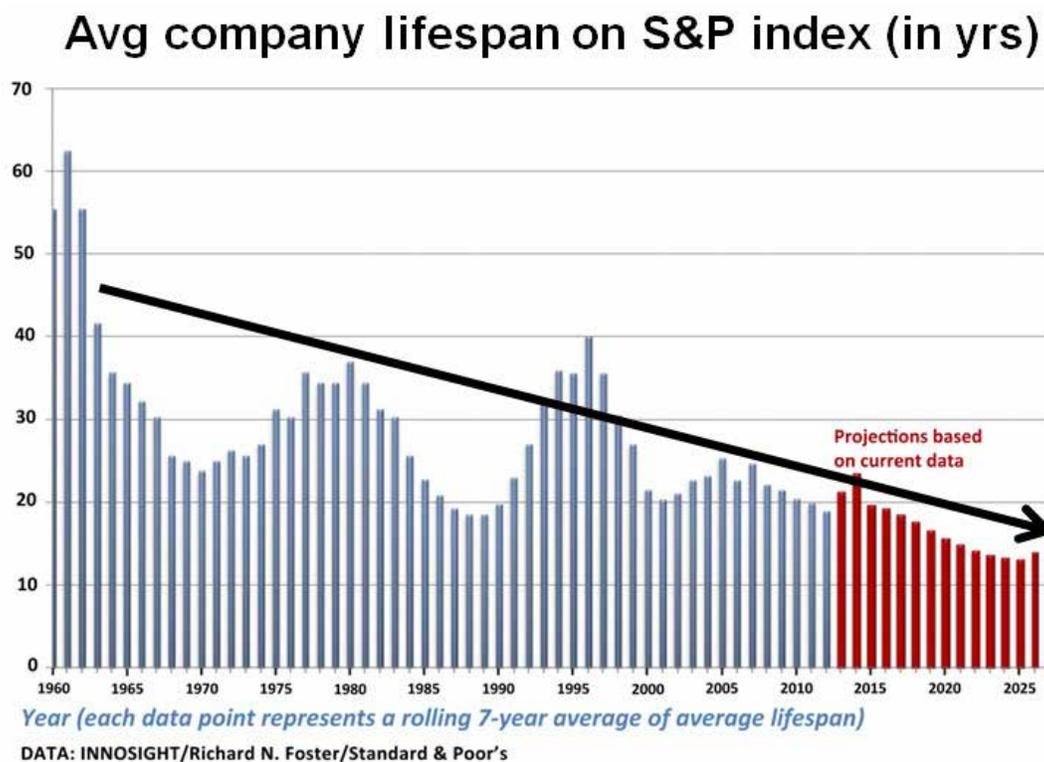*Is it a Car...Is it a Computer?*

2007

2017

Using a more predatory metaphor than re-imagining, Marc Andresseen spoke of "software eating the world" in an August 2011 *Wall Street Journal* essay.

He wrote: "Six decades into the computer revolution, four decades since the invention of the microprocessor, and two decades into the rise of the modern Internet, all of the technology required to transform industries through software finally works and can be widely delivered at global scale."

Whatever the metaphor that one picks, the impact of rapid innovation on corporations is profound. Whereas leading firms used to enjoy a period of industry leadership, customer loyalty and "cash cow" product lines, times have changed.

As the figure illustrates, today's leading corporations can expect far fewer years at the top of their industry than yesterday's. Tomorrow's leaders, even fewer leadership years than today's.

Avg company lifespan on S&P index (in yrs)

Projections based on current data

Year (each data point represents a rolling 7-year average of average lifespan)

DATA: INNOSIGHT/Richard N. Foster/Standard & Poor's

So, where does this environment of FUD – Fear, Uncertainty & Doubt – leave today's corporation when it comes to remaining relevant and growing? Innovation is the key.

WHAT IS INNOVATION?

Often, when someone is describing their innovation goals, they are really speaking about improvement, not innovation. This is especially true for larger companies.

Or, on the other hand, occasionally someone will be speaking about invention.

These terms – "Invent" "Innovate" "Improve" – are related, but different. In short, here are their definitions:

- Invent – to create or produce (something useful) for the first time.
- Innovate – to change something that is established, especially by introducing new methods, ideas, or products.
- Improve – to make or become better.

To innovate does not mean you are inventing. In fact, some would argue that inserting the "(something useful)" qualifier for inventing is inappropriate, because there have been plenty of useless inventions throughout history. We tend to think of those useless inventions as interesting, but failed, experiments.

All three topics are worthy of attention, create value, and are necessary for long-term organizational success, if one wants to be best-of-class.

But, because they are different, they require:

- different processes for assimilation into the organization,
- different metrics for determining progress, and
- different skills & experience from the staff & management involved in advancing them.

You can outsource invention, by using a 3rd party like XPrize or Innocentive. You can't outsource improvement, like a Six Sigma program.

Innovation tends to get the greatest attention, because it seems more promising, in terms of returning greater rewards to those companies that can "crack the code" on a successful innovation initiative.

But, innovation has changed, making it easier and harder at the same time. Let's examine the changes.

HOW INNOVATION IS DIFFERENT TODAY

Innovation is different today than it was 15-20 years ago.

An important macro force driving innovation is the global prominence of entrepreneurship. More than ever, students in high school and college describe their career objectives in terms of being an "entrepreneur" or "founder" more than an "accountant" or "marketer." Three specific differences in the conditions for innovation today make this career goal in entrepreneurship more of a possibility than before.

Innovation Is Cheaper

During the dot-com boom of the late 1990s and early 2000s, the amount of money required to bring a new product or software service to market was about $5 million. It took a couple million dollars to acquire the expensive servers, network gear, and associated operating system and management software to run the infrastructure.

Then it took another million dollars or more to acquire the variety of development environment software – database, middleware, helpdesk, communications, design and programming tools – the product team needed.

$50,000 is the new $5 million

Finally, since all of this took many weeks, if not months to plan, acquire, install, and configure, before actual design and programming could begin, a small army of people was required to be on-board. Thus, the remaining balance of the $5 million was recruiters, full-time staff, and consultants.

No more. Today, $50,000 is the new $5 million. With the wide availability of on-demand, Software-as-a-Service options for every layer of software, as well as enormous stores of royalty-free, open systems software developed and tested by a global network of skilled tech professionals, an innovative tech product or service can be brought to market at orders of magnitude lower cost.

Innovation Is Earlier

It used to be that corporations could leverage their corporate development teams (aka "corp dev") to serve as their innovation scouts. These groups are tasked with identifying and performing due diligence on early stage companies working on products and services of interest to the corporation's line of business (LOB) leaders.

New ventures with innovative offerings typically come to corpdev's attention when they are in the process of raising or recently received conventional early-stage venture capital funding. With any luck, if the new venture continues its momentum, their innovation starts becoming a disruptive force and hits an inflection point in rapid adoption 12 to 18 months later.

The problem with this conventional approach is two-fold.

First, it's common for innovations to take 2 to 3 years to get integrated into corporate LOBs, where the new offerings can begin contributing meaningful revenue. Inflexible processes can get in the way and, in fact, unintentionally serve as "antibodies" smothering up the acquired innovations from being successfully integrated.

Second, and perhaps more important, there is a host of new entrants in risk capital at the seed-stage that are investing earlier in new ventures and making corpdev's investment more expensive or possibly even blocking them out. As the figure shows, it's critical that corporations get involved earlier in promising new ventures, as close to the point of origin as possible.
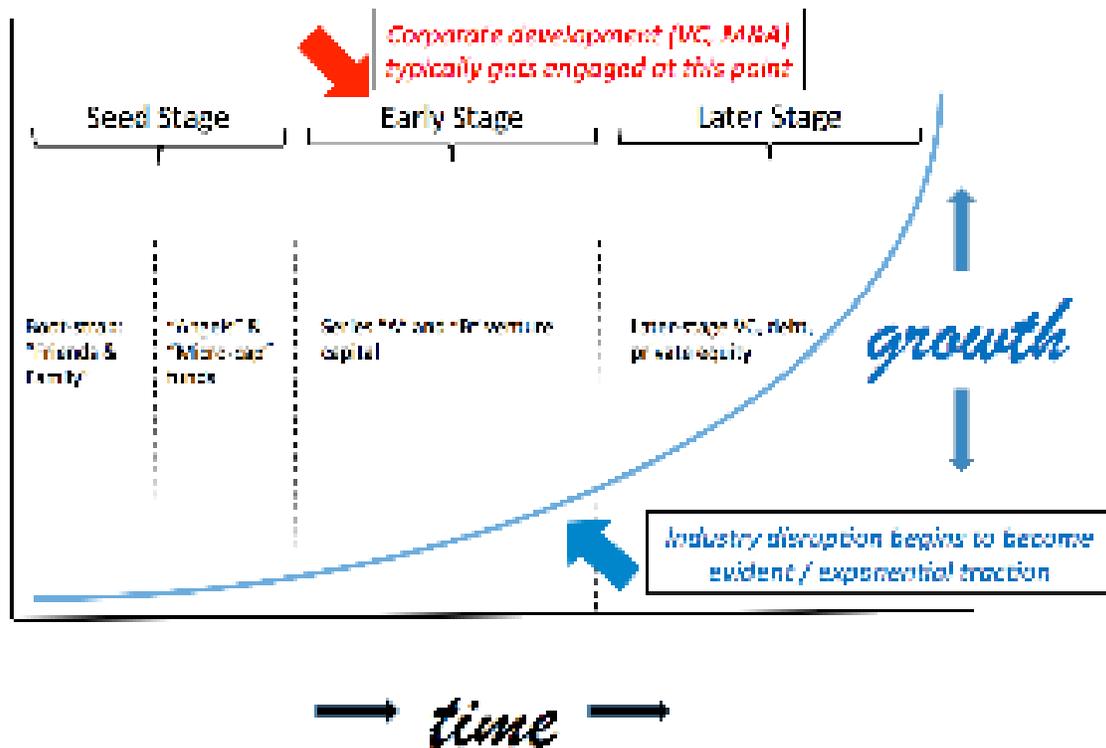
Since much of the early work to conceive a minimally viable product (MVP) happens in the bowels of co-working spaces, accelerators, and incubators, it's incumbent on corporations to be actively engaged in these startup ecosystems. By doing so, they have a far better opportunity to see what innovations are generating the most excitement, with the potential to catch some of these early trends 2 to 3 years ahead of when they hit the radar of conventional corpdev operations.

Innovation is More Networked

In new venture development, there is a fast-emerging, city-based network of physical hubs – think of them as entrepreneurial "heat sinks" or centers of gravity – for founders working on innovative startups. In the tech field, the Startup Federation (http://www.startupfederation.com/) is the best example of this network, comprised of the world's top startup programs, located in places like Washington DC, Austin, and San Jose.

Overlaying this physical network is virtual network of global communities of designers and developers on Reddit, Github, and open Slack channels in conversation about innovations.

Finally, with ubiquitous broadband communications and powerful mobile devices that can run nearly every app, the velocity of adoption for new technologies is far more rapid than 12-18 months. Thus, by the time a corpdev team invests in a new venture, the disruption to their industry may already be well underway.

THE IMPACT ON CORPORATE INNOVATION

Taking these forces into account, the question to answer is: "What's a large enterprise to do?"

The bumper-sticker answer seems (and is) too simple: "Become more entrepreneurial."

But how does one become more entrepreneurial? And is entrepreneurship (or "intrapraneurship," as employee-based entrepreneurial programs are sometimes called) sufficient? Where does science fit? Or management? Or legal and regulatory issues?

The next several sections address specific best practices for igniting innovation in large enterprises – from private and public corporations to public sector agencies, NGOs, and other government institutions.

BLAKE **GARRETT**

Founder and CEO at Aceable. Former Advisory Services Manager at EY.

LISTEN FOR THE PIVOT

"It's not whether you get knocked down. It's whether you get up."

- Vince Lombardi

July 17, 2013, I was knocked down -- unlike I had ever been before.

I slouched down into a booth at Manuel's Mexican restaurant on Congress. Moments earlier I had arrived with every metric memorized, great news of a newly-signed contract, and a vision for a billion-dollar business.

Over chicken quesadillas, I chewed quietly as I learned the metrics were of the vanity type, the contract was a dead-end, and the vision was more unstable than a Jenga stack.

My vision (to turn the world's 23 million books into mobile, social, trivia games and then do the same to the training industry) was destined to go down like the Titanic, and I was merely rearranging the deck chairs.

The quote, as I distinctly remember, was, "You should stop doing this. No one will ever invest in it. It's not a good idea."

I had done what we all do: sacrifice. Everything. Friendships, savings, family, sleep, etc. I was "all in." And it was over. And he was right.

For two days I didn't leave bed, and then a weird thing happened. I remembered a part of the conversation I missed (while the air was trying to return to my lungs).

The next utterance after, "It's not a good idea..." was, "But you're doing a lot of things right. Mobile, education, game mechanics and social all make sense together... just go do it for things people have to learn."

And there it was, the pivot. And it has made all the difference.

Thanks, Andrew.

ANDREW **CHEN**

Chief Product Officer and Co-founder, Iris Plans.
Early product manager at Bazaarvoice and
Coremetrics.

ASK THE RIGHT QUESTIONS

The difficult path to breakthrough can reveal many new pivots and opportunities. When I was a product manager for social commerce company, Bazaarvoice, we made it possible to embed a product review submission and display system on retailers' websites. With some coercing, their customers would inevitably write product reviews. Hurrah!

As we evolved to build the next complementary question-and-answer product, we made the faulty assumption that retailers' customers would answer questions just as easily as they would write reviews. Instead, we inadvertently opened a floodgate of questions, with only a trickle of answers.

It was a disaster. Our early beta customers were unhappy, and if we didn't address it soon, the Q&A service would be scuttled. A few of us brainstormed for weeks trying to decide who could answer questions — customer service teams? Manufacturers? Or well-meaning, helpful social samaritans?

The breakthrough came when we started thinking seriously about three things: who would be in the best position to answer the questions, where would we find them, and when would we prompt them? Hindsight will seem 20/20, but the winning solution was to pose unanswered questions directly in the path of people who had either just reviewed the same product or answered a question about a product.

They were already motivated, and it was opportunistic timing. We essentially created a chaining of content submission opportunities. It was so successful, that we eventually had a higher ratio of answers than questions on average.

This struggle was important, not only because it led us to the answer, but we ended up with three patents and new product offerings such that subject matter experts at the retailer and at the manufacturer could answer open questions about their products. The Q&A service and the derivative manufacturer/brand answers went on to generate millions in recurring revenue for many years.

ORGANIZING TO IGNITE*

In one of his earliest books, author Seth Godin speaks about factory versus farm workers. He explains that, for the first 100 years in the United States, those who made the most money were the people who had the biggest, highest-yielding farms. As the years passed and the economy shifted during the Industrial Revolution, the locus of wealth creation shifted.

In the second century of U.S. history, the focus was all about who could have the biggest, highest-yielding factories. Factories and farms were "the American way" because the wealth creation paradigm in the U.S. was based on a centralized effort. The focus was on a single, large unit that created wealth through scale and concentration. Hence: big farms and big factories.

This is no longer the case in our modern economy. Single, monolithic entities are not able to generate the same scale of wealth they once did. Granted, some are doing just fine, but a number of factors have contributed to the erosion of their capacity. It's due mainly to global competition and the low cost of distributed resources. Cheap labor costs in a variety of countries from China, to Burma, to Bangladesh have forced many American factories to close, or to physically move or outsource operations overseas in order to compete.

The economic pressures are not just impacting manufacturing. Commercial farms have gradually evolved in one of two ways. There are small, locally owned farm-to-table outfits (Springdale Farms in Austin, Texas, for instance). And on the other end of the scale, there are factory farms, run by large, multinational agribusiness conglomerates. There is not much in the middle.

In the face of this changing economic environment, Godin argues that the third century of value creation in America will not be powered by big farms and factories, or offshoring and multinationals, but by ideas.We are in the middle of the reign of the knowledge worker, and this structural change is becoming an integral part of the fabric of modern America. Godin goes on to say that "nobody has a clue how to farm for ideas."[1]

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*Content for the following sections from *Ignite: Setting Your Organization's Culture on Fire*
[1] Seth Godin, *Unleashing the Ideavirus* (New York: Hyperion, 2001).

Godin wrote these words back in 2001. Lucky for him and for us, that's no longer true. This idea of "farming for ideas" is exactly what this Ebook is all about. We are going to teach you how to farm for ideas.

ORGANIZATIONAL STRUCTURES

First things first: Let's get organized and plant the seeds that will allow you to better cultivate your ideas down the road. What is your organizational culture and the structure that comes out of it? Define that and you can proceed.

TRADITIONAL VERSUS ORGANIC ORGANIZATIONS

We have found that innovation initiatives can work in much the same way a typical traditional organization works: through a rigid system of employees, middle management, and management. Therefore, formal innovation systems can thrive in these mechanistic organizations. The process becomes a regimented effort that meshes well with a traditional hierarchical and vertical company.

The challenge in these environments, however, is in coaxing more creative and unconventional ideas to the surface. Think of a company that has complex spans (meaning the number of people who report to one person). Or, perhaps a better way to visualize it: a company with a lot of boxes linked to a lot of other boxes, with a couple of dotted lines thrown in for good measure.

Open innovation can also succeed in more organic organizational structures. In areas of organizations where there is an existing free flow of ideas, an innovation initiative can give some structure and formality where there is none otherwise. People may well have great ideas that become products, programs, and policies but may have no clue what to do when those ideas spark.

With a flat and well-matrixed organization, an innovation initiative may not generate a large volume of ideas because the organization is already actively collaborating. An innovation initiative may be ancillary and unnecessary. Many consulting firms have this type of organizational structure, as do many startups and smaller nonprofits.

Your organizational design might be traditional or organic or something in between. Regardless of whether your organization is designed around products, geographies, lines of business or key customers, the key is to understand what the organizational goals are and how the organizational design supports those goals. Understanding those two elements will enable you to position the innovation center at the heart of product and value creation.

Traditionally, organizations are classified as either predominantly sales-driven or predominantly marketing-driven. We've learned that the crux of the innovation work occurs where you may assume it would: under the vice president of marketing in marketing-focused organizations and under the vice president of sales in sales-focused organizations. Understanding where the locus of organizational power is in your organization can help make clear where the innovation center may best be positioned.

INTEGRATING INNOVATION INTO YOUR ORGANIZATIONAL DESIGN

Before we get to the collection of ideas, you need to think about how to structure your organization's efforts. Who is in charge of the program? Where will it report in the organization chart? And how is it accounted for and measured? These are all important questions that will have to be answered before you begin your work.

Our challenge to you is to think about the broader goals of your organization, both at a strategic level (business unit by business unit) and at a larger, corporation-wide level. Your innovation efforts should directly support those larger, strategic goals. Furthermore, understanding those larger organizational goals will allow you to place the innovation effort, and its future output, into the right department or division.

Think about how your organization is structured. Is it by product line, geography, or work function? In some cases, your innovation efforts may be limited by this structure. For instance, placing innovation efforts into the hands of a geographically specific division may exclude ideators in other geographies. You may find all of the ideas only come from and benefit that area.

An example of how to gain outside perspective and not be locked into local efforts is the work Greenpeace is doing with its Mobiles x Mobilisation event.[2] Greenpeace knows

that mobile technology is playing an ever-increasing role in campaigns, engagement, and activism around the world—creating countless opportunities and corresponding challenges.

The Mobiles x Mobilisation event provides a camp-like environment for mobile innovation, serving as a much-needed space for peers and practitioners at campaigning organizations around the world to connect, collaborate, and sharpen skills. It's here they close gaps in their mobile engagement strategies for social change while inviting in inspiration from the front lines of mobile innovation—via industry leaders, trendsetters, and researchers. It's a fascinating model for getting outside stakeholders and industry peers involved in innovation within the organization.

Ignoring this type of inclusion work may minimize your success if efforts are set up within a department that has a narrow scope of responsibility or power.[3] Similarly, you may find your efforts constrained to the work being done in your specific product line division. If you are aiming to build a long-term strategic tool into your organization, having it located or co-located near leadership is critical. Innovation is a strategic capability and not a tactical capability to be sourced adjacent to the factory or distribution center. We can't emphasize this enough when organizing your open innovation center.

Beyond organizational structure, there is always the question of which function an innovation initiative should report into. When thinking about this question, ask yourself: what is the strategic value that the company or nonprofit generates? Are you a product development company that spins off hundreds of new products a year? Are you a marketing-centric company that is able to sell differentiated products through marketing and content strategy mastery? Or are you a sales organization that has a stable product and relies on a skilled sales staff and distribution schema to be competitive? These strategic competitive advantages tell you exactly where you should set up your innovation effort.

BBC Worldwide ran an innovation and ideation program[4] that provides a fantastic example of purpose-placement. The public television broadcasting company is both a content developer (product) and broadcaster (distributor). Its leadership found it important to locate its innovation effort in the heart of product development. The center was run from the creative arm of the television network by executive Pat Younge, who was formerly the BBC's Chief Creative Officer.

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[3] Richard Daft, Organization Theory and Design (Mason, Ohio: South-Western, 2013, 2010).
[4] Learn more about BBC Worldwide Labs at http://www.bbcwlabs.com/, accessed December 6, 2015.

Younge ran one of the largest teams of content creators in the world, with around 3,000 staff and freelancers.[5] He was responsible for the in- house TV program making teams that created some of the best known BBC hits, such as Strictly Come Dancing, Top Gear, Antiques Roadshow, EastEnders, Dragons' Den, and Watchdog. Do those names sound familiar?

It's because U.S. entertainment companies recycled many programs from the BBC for the U.S. audience. Except Strictly Come Dancing became Dancing with the Stars, and Dragon's Den became Shark Tank. Engaging the entire organization in contributing to 'product development', programming in the BBC's case, was critical to getting as many ideas and submissions as possible.

According to BBC magazine *Ariel*, "There is a general naivety about the challenges that development teams face in transferring a concept into a piece of television or radio. Creating our Future, as this project is called, will address that by training people about the process—whether or not they work in a programme environment—and tapping into the collective brain of the BBC in a truly collaborative way."[6]

Our final example looks at LinkedIn's innovation efforts, run by Kevin Scott, a senior vice president for engineering and former Google employee. The fact that the innovation efforts are located in engineering speaks volumes about the strategic growth goals of LinkedIn as well as where it sees its most valuable opportunities. Similar to the BBC, LinkedIn's website combined with its service is the product being offered. "It's a little bit like a venture capital thing," Scott once told *Wired* Magazine. "When we find something we really like [internally], we want to make it successful...To have [LinkedIn founder] Reid Hoffman sit down with you one-on-one to help you make your hack successful is great."[7]

Based on the examples above, placing the innovation effort as close to product development as possible is a good starting point. The challenge is not to get the two efforts intertwined. As we've discussed, innovation is not product development. It is something lighter, faster, riskier, and more collaborative. Ideating concepts to feed into the traditional product development machinery is antithetical to the point of an innovation effort. Developing an independent effort that can act nimbly and take chances is the name of the game. Placing innovation in the correct division and adjacent to the correct supporting function will amplify the impact of the effort.

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[5] "Inside the BBC: Pat Younge, Former Chief Creative Officer," BBC's website, accessed December 6, 2015, http://www.bbc.co.uk/corporate2/insidethebbc/managementstructure/biographies/younge_pat.
[6] See http://www.bbc.co.uk/ariel/, accessed December 6, 2015.
[7] Ryan Tate, "LinkedIn Gone Wild: '20 Percent Time' to Tinker Spreads Beyond Google," Wired, December 6, 2012, http://www.wired.com/2012/12/llinkedin-20-percent-time/.

JOSEPH **KOPSER**

Global President of moovel Group GmbH, Former Co-Founder and CEO, RideScout. Co-founder, Bunker Labs. Served in the U.S. Army 20 years after graduating from West Point.

PROBLEM SOLVERS WANTED

I define an entrepreneur as someone who wants to fix a problem rather than wait for someone else to fix it for them. That's it.

I was never trying to get started in business. I was still in the military, working at the Pentagon, just trying to get to and from work as efficiently, quickly and easily as possible. I lived just five miles away from work and had a variety of transportation options. I could drive to work, take a bus or ride the metro. I could ride with a friend, have my wife drop me off at the metro, or have a friend drop me off or pick me up at work on his or her way. I had so many options, but knew that each one of them came with a cost. I needed some way to compare all of my options and find the optimal solution every day. I went looking for that website and couldn't find it. So, I just started trying to invent it.

Some people golf in their free time, but I tend to problem solving, and I set out to solve this problem by myself. Along the way a friend of mine, Craig Cummings, heard me talking about it at a party. He immediately had the idea to turn it into a company. I thought to myself, "Dude, I don't know the first thing about starting a company... and by the way, I'm still in the army." He said, "I'll help you start it, and if this works out, you can retire."

I liked that idea so much. I started doing my own little research. I picked up "The Intelligent Entrepreneur" by Bill Murphy Jr. As I was reading the four stories he profiled, I realized that the people in the interviews (the way they talked, the way they made decisions) felt a lot like me; like putting on an old sweatshirt that just feels right. I called Craig back and said, "You know what? Let's try it."

The most surprising thing is how hard it actually is to convince people that what you're doing is a good idea: investors, volunteers, employees, and most of all customers and potential clients. One thing that I convinced myself of when I was designing RideScout was that, "Of course this is going to be perfect, going to work, and everyone's going to want to use it. The first day that I unveil it, I'll have 100-million subscribers, and 'poof!' We'll be done."

Well, it didn't happen at all like that. It took me forever to find the right people to help me build it. It took me even longer to find the right people to invest in it. And it still does, to this day, take a while to convince people that by looking at all their options for mobility, they will be better off in the long run. At the end of the day we are all creatures of habit.

I would tell budding entrepreneurs the following:

1. Start now but don't quit your day job. You have to pay the rent somehow.

2. On second thought, quit now. What I mean by that is if you are not serious about it, if you are not absolutely committed to see it through to the end, then don't even start.

Why waste six months of your time if you are only doing it half-heartedly? If you're only partially convinced, then just move on and wait until you have a better idea, until you are convinced that whatever you're doing is going to be fantastic. That is the only thing that saved me in those really dark hours, on those really late nights.

I remember standing in Fredericksburg, Texas at an art festival underneath a tent in the pouring rain. I was giving a presentation with a laptop and a projector on a folding table that was starting to tip over because one of the legs was caught in the sinking mud. Just four people total in the tent listened to me talk about RideScout. Talk about discouraging.

Those are the days that if you don't love what you're doing, you're going to give up, lose faith and quit. And entrepreneurs - entrepreneurs who are ready - don't quit.

HUGH **FORREST**

Director of the SXSW Interactive Festival in Austin. Other passions include the Boston Red Sox, reading, exercise when possible and sleep sleep sleep.

PERSISTENCE TRUMPS EVERYTHING

Ultimately, when I hire, I'm looking for someone who has a relatively good amount of patience to grind, and grind, and grind, and grind away. There are a lot of great benefits to working on a venture like SXSW Interactive, but ultimately, we are an organization that conducts eight to 10 months of planning for five days.

For those five days to be successful, there are hundreds and hundreds of details to be managed, the majority of which I think we do a pretty good job of mastering. But if a candidate for the SXSW organization doesn't have the patience to work on those details and the ability to manage the frustration of the minutiae of the event planning, then they are probably not going to be a successful fit.

In my personal experience – and what I have heard from SXSW speakers when they present their talks or panels – is that persistence trumps talent and/or expertise... an idea that I very much believe in.

Generally speaking, the entrepreneur's journey often has them doing a lot of different things, from getting a technical education to experiencing a wide variety of work-life situations that give them the self-confidence and thick skin to pull themselves up when they fail and not dwell too much on the pain or negatives of what went wrong.

You may strike out nine out of 10 times, but on the 10th time, you may get a bunt single, steal second, get to third on a sacrifice fly, and finally score on a wild pitch. The most important quality is to do whatever it takes to just keep going. Eventually you will be able to narrow your way towards what you are doing right. Then, you can start claiming some of the rewards of all that work.

TRIAL BY A JURY OF YOUR PEERS

"Innovation, at its core, is about changing the conversation."

— Barry Morris, Ph.D.

Everyone wants their business initiatives to be successful and innovation based initiatives are no exception. It is true that you get what you measure and, on a multitude of levels, this is twice as true for innovation.

Setting goals and managing expectations is the cornerstone of project management within innovation inniatives just as it is for other business initiatives. In this section, we will explain not only how to build an exceptionally effective evaluation process, but also how to provide the elusive metrics needed in order to claim innovation initiative success.

CREATING, EVALUATING, AND DEMONSTRATING VALUE

Extraordinary leaders know that success is based on an ability to meet goals that are set. Innovation success works the same way. Therefore, we see innovation goal-setting as a crucial first step to perpetuating organizational innovation.

One of the biggest challenges you will face in developing and establishing an innovation initiative is making the case that the initiative delivers true business value. We are conditioned to understand value as it equates to money/vanity metrics or another form of monetary reward. We think about measuring based on net cash flows, top-line growth, profit margins, and so on. While not a false first assumption, these initial ideas can set your organization up for failure when it comes to innovation success.

Corporate financial contribution is important and, in truth, any innovation initiative that overlooks financial contribution is ill-conceived. But there are numerous other ways to show value. A foundational exercise is to take the time to understand what elements your organization truly values. With this in mind, you'll be able to craft goals that your senior management can confidently support.

When we speak here of values, we move beyond the strategic goals that the senior team delivers to the board of directors and the investors. This is even beyond the corporate mission statement. Think, instead, of the cultural values that drive your organization to success, whether they are written down somewhere or simply lived each day.

When you have tapped into the roots of what your organization truly values, you can frame up your innovation initiative in a way that will allow you to position and defend it to a host of stakeholders. You will have strong value creation statements which resonate from the top to the ground floor of the organization. You will be able to show how the investments are delivering against metrics those in the organization recognize and appreciate. While this approach may seem a foregone conclusion for many readers, the ethereal and nebulous nature of innovation adds a particular layer of complexity which makes this exercise difficult for even the most seasoned managers and leaders.

We have seen few groups of professionals genuinely excel in this kind of endeavor. Many struggle. Through conversations with our peers and interviews with innovation leaders, we've noticed a disparity. Some individuals clearly and easily understand the positioning challenge and others are completely baffled by the exercise.

Many grant writers, service-based marketers, and many nonprofit marketers are particularly adept when discussing innovation success strategies. We call out these professions in particular because the one thing they have in common is that they are often tasked with positioning and selling the value of an intangible. They are often used to defending and justifying an experience that cannot be touched, tasted, or seen.

Grant writers routinely compose against very specific criteria provided by the grantors, and so they have to be keenly adept at interpreting the unsaid values of the grantor and presenting the best possible case for funding. Service-based marketers are charged with "selling" experiences and, since each individual has a unique interpretation of the same experience, they must present the best possible case that appeals to the widest possible audience. And, finally, many nonprofit marketers may have the most difficult job of all: selling a feeling. This type of value exchange presents a uniquely abstract challenge in that marketers in these specific situations must consider consumer values and use those to create the transaction.

COOLNESS VERSUS VALUE

Many times we need to take a stand and delineate between what is cool and what is valuable. Megan Christenson, director of the Points of Light Civic Accelerator, told us "the biggest mistakes I see is what I call 'the cool trap.' I often hear entrepreneurs say, 'Wouldn't it be really cool if our product/service did this?' Or, 'Wouldn't it be cool if the customer could also have x,y,z?' Unless your customer has explicitly said that x,y,z feature is a problem, then they probably won't buy your product. Coolness [or novelty] is a very small market."[8]

Innovation as a practice should always deliver real, measurable value once properly implemented. A good review process avoids what Christenson calls the "cool trap."

YOU'RE BEING JUDGED ANYWAY—SET THE RULES YOURSELF

Once you embrace the fact that anyone involved in a new innovation initiative is being judged, be smart and set the rules yourself. Define early on the type of success that your initiative aims to achieve and make sure that you are measured along those lines. Laddering up your goals to your organization's greater business objectives certainly helps but, in some instances, contrarian innovation may be more valuable. Just be sure to identify that intention as a prominent part of your positioning in order to garner credit and not scorn.

In the same way that your metrics of success will tie into your organization's greater goals, expect to set guardrails by which you and your review team will make funding decisions. To reference the quote with which we opened the chapter: You will get what you measure because people will ideate into the criteria you set. Their ultimate goal is to get their innovation funded for development, so they will craft and propose it in a way that positions them for success in the funding process. The reality is that your funding guidelines may have as much impact on the collection process as they do in the evaluation and review process.

CREATING YOUR IDEA REVIEW RUBRIC

Idea review criteria is critical and crafting it is an exercise that you and your evaluation team should collaborate on with great care. Consider the reasons for using the criteria. What business purpose does using this criteria serve? What are the consequences of discounting

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[8] These insights from Megan Christenson are from an interview with the authors September 10, 2015.

an idea because it fails to meet the criteria? Some criteria you and your team will set up for mission reasons, some for profitability, and others for cultural continuity. Each should have a very distinct reason for being included in your review criteria and each should add value to the review process.

A classic rubric system can be used at this point. Like other academic or business rubrics you may have seen in the past, an innovation rubric can help review teams make objective decisions based on weighting.

Review Metric	(4) High Alignment	(3) Fair Alignment	(2) Neutral Alignment	(1) Poor Alignment	Line Item Score
Scale Throughout the Market	We have the capacity, facilities, and know-how to scale to fully meet the market demand	We have some of the key elements needed to scale to meet market demand with some investment	With substantial investment we could develop resources needed to scale to meet market demand	Even with investment we will not be positioned to scale and produce to meet market demand	
Supports Top Line Strategy	This idea directly aligns and drives our organization's growth strategy	This idea somewhat aligns with our organization's growth strategy	This idea does not align with nor is contrary to our organization's growth strategy	If implemented, this idea would work against our current growth strategy	
Drives Profits	This will drive profits above our Division/ Enterprise IRR	This will drive profits below our Division/ Enterprise IRR but at a level that is still profitable	This project will break even	This project will be a loss leader	
Market Segment Placement	This sits in open space, has no overlap with current offerings, and reaches priority segments	This sits in open space, has no overlap with current offerings, and reaches priority segments	There is some overlap with current offerings, possible cannibalization of existing customers	This will directly compete with our own offerings, and will not grow new customers	
				Sum of Line Items	

This is where understanding your organization's values and priorities, and incorporating them into the rubric, can drastically impact the kinds of innovations that receive funding. Once you select your evaluation criteria, consider weighting the criteria based on your previously determined cultural values, especially if you work in an organization that has a strong mission- driven culture. This will help align your team's funded output with the greater purpose of the organization.

Over the years, we have had many conversations with program and product development professionals about the "right" metrics to use when evaluating ideas. Their answers often reflect their own world and work experiences. Some have backgrounds in sales, some on product margins, and some on awareness and engagement. Your metrics and the way in which you weigh them are your own. To help you determine what might work best, here are some of the metrics that could be considered most valuable:

- Scalability
- Profitability
- Brand awareness
- Capture of adjacencies
- Efficiency gains
- Furthering of a mission
- Causing a pivot

Success is how you define it and, just as you can define what success looks like for your innovation initiative, it is well within your rights to force your innovators to define success in their business plan development.

The unfortunate reality is that programs will fail. Sometimes it will be a subtle failure like a concept that just never seems to get off the ground and sputters as it struggles to take flight. Other times it will publicly disintegrate in a catastrophic failure. Remember Pepsi Crystal, the Apple Newton, or Frito Lay WOW chips?[9] While failure is not a desirable outcome, it is a reality for which innovators must prepare. As such, it is critical to have the patience and perspective to be able to find value within failure.

[9] Drake Baer and Jay Yarow, "22 Of The Most Epic Product Fails in History," Business Insider, July 31, 2014, http://www.businessinsider.com/biggest-product-failures-in-business-history-2014-7?op=1.

THE VALUE IN CHANGING THE CONVERSATION

Innovation can be extremely difficult work, not only because it is time consuming and intellectually challenging but also because, if done right, it can challenge convention and force organizations to think differently about the business they are in and the way they conduct it. Deep innovation work has the power to intrinsically change the conversation from one that induces incremental growth and development (evolutionary expansion) to one that indulges a whole new approach (revolutionary expansion).

As we provide a few examples of ideas that are truly about changing the conversation, consider how you would evaluate them against a rubric. Would your rubric pass these ideas through or would it give them a failing grade? Beyond pass and fail decisions, is your rubric capable of unpeeling the layers of each idea, assessing its ability to change the conversation, and identifying the potential outcomes if they succeed?

THE END OF THE ORGANIZATION

We had an interesting conversation with a board chairman of a nonprofit social service organization which provides support, counseling, and educational services to parents and children. During a strategic planning retreat the chairman led a visioning and planning session designed to help all involved change the conversation about their organization. He brought in a futurist who asked, "What do we need to do to put our organization out of business? Instead of improving the effectiveness of our programs and services, what can we do that will lead to our programs and services being unneeded?"

The Board was only looking at how they could incrementally improve, until they shifted their thinking and asked what would happen if they worked to strengthen the community so that it could nurture and support itself. Could the organization put itself out of business? Could they create a community environment that would reduce the need for parents and children to require the services of professionals?

The idea he posed is an example of changing the conversation and considering a challenge in a new light. Be warned though: Ideas that may emerge out of true disruptive conversations may not fit nicely into your rubric. Trust your rubric to guide your decision making, not to make your decisions for you.

REMOVING ENTIRE WORKFLOWS

We also spoke with a former executive vice president of human resources at a global produce company about his efforts to change conversations through innovative thinking. He shared a piece of practical insight with us about his work to eliminate an entire workflow surrounding human resources employee relations issues.

He applied disruptive thinking to the way his organization approached and resolved human resource issues. He challenged the prevailing ways of handling things, and worked to prevent problems from happening, rather than reacting to them. Instead of looking at how the organization could resolve various human resource issues in a faster and more efficient way, he asked, "How do we eliminate the need for the labor relations legal department?" It was a total change in conversation and it started with a concrete and defined goal that was going to require a different approach to take shape.

His challenge led the team to think beyond how to improve service levels and to create an environment where that service would not be needed. The planning and work needed to achieve a cultural change is much different than improving a service, and so are the end results.

We bring these examples up because your rubric must be robust enough to recognize the high value outlier. If your rubric is only programmed to deliver additional cupholders in minivans, you should expect to see minivans in which every seat has access to at least two cupholders. Truly you get what you measure.

DAVID **ALTOUNIAN**

Tech entrepreneur. Assistant Professor,
Entrepreneurship, St. Edward's University. Partner,
Capital Factory. Co-founder, Motion Computing.

SKIP THE PLAN BUT NOT THE PLANNING

With the widespread adoption of the lean start-up methodology, there is a very strong bias towards speed. This bias has carried over into former baseline expectations for launching new businesses, starting with the business plan.

Whereas in the past a business plan was an essential starting point for any new venture, it's now in vogue to skip the business plan; instead go straight to activities designed to acquire customers.

While I agree with the notion of forgoing a time-intensive, formal business plan for the sake of having a book-length document, I greatly disagree with forgoing the activity of planning itself. In fact, urging new ventures to avoid planning does a massive disservice to them for several reasons.

First, even a modest amount of planning benefits the team and key stakeholders by making sure that everyone understands what and how much they are trying to accomplish, by when, and who is responsible for which key activities.

Second, by committing to some target amount of results by a certain time, there is the opportunity to measure progress, improve estimating skills, and examine variances -- essential elements of learning -- which are critical in the early stages of a new venture.

Third, we are starting to see lawsuits in the crowdfunding space, a new financing alternative opened up in just the past couple of years, being litigated against companies that raise money but cannot deliver. I predict that we are going to see some significant fraud and customer damage lawsuits filed by customers against companies that encounter design, production, and/or delivery problems, exacerbated by their absence of a plan.
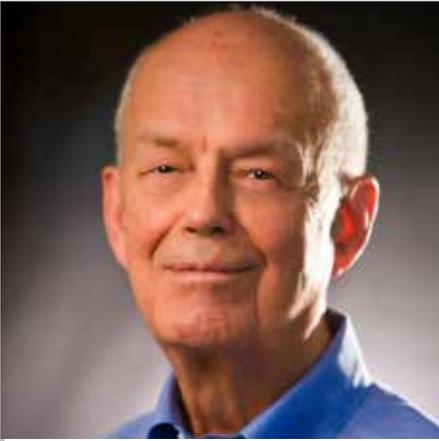
ADMIRAL BOB **INMAN**

Former Chairman of the Federal Reserve Bank of Dallas. U.S. Admiral who served in several influential positions in the U.S. Intelligence Community. Managing Director at Limestone Capital Advisors. Principal at Gefinor Ventures. Former Lieutenant for the U.S. Navy.

PLACE MATTERS

EDITOR'S NOTE: the selection of Austin in the early 1980s as the headquarters for the Microelectronics and Computer Technology Consortium (MCC) was a seminal event for the greater Austin area (see: bit.ly/austinmcc).

The story of MCC and how Austin was chosen will be told another day. But, a useful lesson – then and now – is a recounting of the criteria identified to guide the process. It turns out that, in addition to serving as critical for selecting the best region for a national innovation initiative, these same criteria also make for an exceptional location for entrepreneurship.

 Any company founder, as well as those business and community leaders desiring to attract entrepreneurs, would be well-served to pay attention to how well their region ranks on these criteria. They include:

- quality of life,
- cost of living,
- business climate,
- tax climate,
- quality of public education
- transportation (commute time to and from work),
- air connections, and
- access to top rate students (in MCC's case, graduate students in

electrical engineering and computer science)

In addition, a number of intangible criteria made a difference in the strength of Austin's selection proposal for MCC that I would daresay continue to matter, when any new venture is considering where to locate.

- Teamwork – how well do the city, university, and business communities work together? How willing are they to align their interests and put aside any differences to attract a strong venture?

- Leadership – how important a priority is the venture to political and business leaders? And, how engaged are the senior-most players? (In MCC's case, the Austin/Texas campaign was led by the Governor's office and was of highest priority.)

- Experience – what is the experience in the community like? How strong a cultural fit is it? What is the level of attention and quality of hospitality shown? How easy (or hard) is it to set-up "shop" for your company, your employees, etc.?

- Commitment – as you engage with local leaders, how deep is their commitment to your success? Are the supporting you and fully funding your venture with a long-term view?

In our experience, cultivating a great community for innovation goes hand-in-hand with building great entrepreneurial communities.

BUSINESS PLAN CANVAS AND VALUE ARTICULATION

At this point in an innovation initiative, you will be actively collecting ideas from your target market of employees, volunteers, or customers. You'll have processes and software in place to collect and manage these ideas. You'll have a good internal board of advisors (your innovation team) who will be starting to review these ideas regularly and rate them on a variety of factors. Now the work shifts back to the intrapreneur. Once an idea is highlighted and approved by the internal review board, it's handed back to the intrapreneur to further develop and refine.

This next stage of development is best done through the creation of a business plan. But, relax. Our idea of a business plan is likely different from what you're painfully envisioning. The founder of Southwest Airlines, Herb Kelleher, famously claimed his business plan was written on the back of a napkin. It contained a triangle and three simple words: Houston, Dallas, and San Antonio. These were the first destinations for his then-startup airline: three arrows among the cities to show three, simple direct flights. And the picture reportedly made it easy to sell Southwest Airlines to investors and customers.

In fact, this idea of keeping it simple—simple enough to fit on a napkin—is a common consulting and brainstorming activity. In his book *The Back of the Napkin: Solving Problems and Selling Ideas with Pictures*, Dan Roam speaks to the fact that thinking with pictures can help anyone discover and obtain new ideas, solve problems in unexpected ways, and dramatically improve their ability to share their insights.[10]

This is a great step for you and your employees when brainstorming new ideas. Can you draw what you want to happen? Can you illustrate the problem you are trying to solve? There's a fine balance between "the napkin" and the traditional 50-page business plan, which is an idea we will address later in this chapter.

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[10] For book information and more, see Dan Roam's website, accessed December 20, 2015: http://www. napkinacademy.com/.

When an idea in your program has been accepted by your review team, it's time to go back to the intrapreneur to prepare and vet their plan for moving this idea forward and turning it into a product, program, or service. In the past, an easy way to do this was to write a full business plan, one that highlights goals, the estimated return on investment (ROI), and how the hell you're going to accomplish it. Typical business plans contain the following sections: Executive Summary, Vision, Mission, Present Situation, Company Background, Management Summary, Products and Services, Market Environment, Advertising and Promotion, Pricing and Profitability, Distribution Options, Business References, and often various other related topics.

No big deal, right? You know all that without launching your business or running any experiments, right?

You can see how the simple charge to "just write a business plan" has kept millions of people awake at night as they try and meticulously write down every angle, path, or twist that might happen in the first months of their idea. As most entrepreneurs know, this business plan quickly gets thrown out the window anyway once the business begins operations and reality hits. That's why we are fans of never writing that type of business plan to begin with (or paying someone else to write one for you).

THREE STEPS TO AVOIDING BUSINESS PLAN PURGATORY

There are literally hundreds of templates online for business plans when you search for the term. And there are even businesses that claim to be the "Uber of business plans"— companies that will "auto-write" a formal business plan for you based on key terms.[11] That can't possibly work, can it? Don't bother finding out. Throw that business plan out the window before you even start.

Instead, we firmly believe in three key ways for intrapreneurs to take an approved idea within further develop it: SWOT analysis, The Lean Canvas, and the OGST framework. These are not in any particular order but we do believe all three are necessary to really prove an idea and to get it prepped for success within your organization.The smartest intrapreneurs will do all three, to truly prepare themselves for success.

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[11] Seth Fiegerman, "Enloop Will Write Your Business Plan For You," Mashable, December 28, 2012, http:// mashable. com/2012/12/28/enloop/.

SWOT ANALYSIS

Our first step is not done on a computer or from behind a screen. So if you are reading this on your Amazon Kindle or your iPad, finish this section and put it away (for now). Then get out a piece of paper and a pen. You remember those, right? Draw a "+" in the middle of the paper to divide it into four equal sections/squares. Now write the following terms, each in its own square: Strengths, Weakness, Opportunities, and Threats.

This, of course, is a SWOT analysis. And it's a great opportunity to sit down with your idea—and your future team—and outline the forces at work in and around your organization's ability to turn the idea into a success. It's not a complex process, and could be potentially done on the back of a napkin at the bar. It also helps teams gain alignment and unpack potentially complicated ideas in a surprisingly efficient manner.

Here is an example to help you get started:

STRENGTHS	WEAKNESSES
• A Strong Brand	• Poor Brand Awareness
• Patents	• Lack of Trust From Customers
• Trademarks	• High Costs
• Experienced Team	• Low Margin
• Strong Marketing Channels	• Physical Space Needed
OPPORTUNITIES	**THREATS**
• Niche Market	• Lack of Candidates for Job Positions
• No Brand Awareness	• Shift in Customer Behavior
• New Technology	• Not Understanding Changing Generational Differences
• Regulations Change	• Changing Regulatory Environment
• New Political Party in Office	• New Political Party in Office
• Shifting Internal Department Structures	• Shifting Internal Department Structures
• Mergers and Acquisitions	• Mergers and Acquisitions

Did you notice an overlap in a few areas? Some opportunities could also be threats or weaknesses and vice versa. And some are opposing forces that can be surprisingly interconnected. Take the strength of an amazing team versus the threat of shifting internal department structures as well as mergers and acquisitions, for example. Imagine an amazing idea that is approved by the innovation team, but then management lays off half that team.

Where does your idea stand? Do you have strong executive leadership to back the idea or does it fade away? These are things that are great to have written down. It gives you the ability to create action plans to leverage the positives and work around the negatives. Just don't forget to update them every couple of months, as your team and project move forward.

IAN **CHARNAS**

Inventor, Engineer, Artist, Designer. Ian and his work have been featured in *Wired*, NPR, *Popular Mechanics*, NBC's *Today Show* and more.

START BY MAKING THINGS

I recall a particular moment in the middle of my undergraduate studies when I realized that everything in the world is someone's job. Yes, of course collecting recycling is someone's job, and the person on the phone helping me resolve a billing dispute would certainly not put up with me if they weren't being paid to do so. It's more than that, though. There's a sea of invisible jobs; the people planning when to spin up more turbines at the power generation plant to meet demand, or the folks carefully testing for bacteria at the water treatment facility. If these people do their jobs well, we never hear from them and we never see them. They are, in a sense, invisible to us as regular folks.

The field of view apparent to us as consumers lets us enjoy services like Dropbox or Vine or Snapchat or whatever, without knowing the names of the people behind them -- people who had a vision, and the confidence to think they could do anything they set their minds to. How can we develop that confidence in ourselves? How can we take that leap from consumer to producer, from observer to maker, to a point where we believe that anything is possible?

An innovation-centric makerspace like think[box] can forever alter the trajectories of young people. The first time you hold something in your hands that you designed, that you looked at in the theater of your mind, improved, and finally built (and saw actually work, roam around, or fly) is an exciting time in a person's life. It's like the beginning of a montage where the Karate Kid finds balance in his life, or Rocky trains for his big fight.

Once you start making, you never look back. You start inspecting every interesting thing you run across and wonder, how is that made? How could it be improved? This is the essence of what we are training for when we take that leap from observer to maker. We're training to be able to see the problems in the world, and have the contagious determination to think that we could be the ones to make a difference. Come to a makerspace. Let us help you build that belief that you can do anything.

SARAH **HERNHOLM**

Founder/ President at WIT - Whatever it Takes.
President of My360Self, Inc. Teacher. Entrepreneur.
Teen Coach.

TEENS ARE FEARLESS ENTREPRENEURS

Teen entrepreneurs are the most dynamic, inspiring and worthwhile demographic to invest in. I can say this with certainty, because I've built an entire company focused on providing a platform for teen entrepreneurs to get their projects/enterprises/businesses out into the world. Time and time again, all of us at Whatever It Takes (WIT) witness teens turning their ideas into reality and making an impact. Teens are hungry for an opportunity to use their voice and eager for the adult audience to listen. And you know what? We should! Why? Because teens see the world as a lot less tainted than most adults. They also see possibility where many adults see roadblocks -- their fearlessness helps make them great entrepreneurs.

I applaud adults who look past age and focus more on the idea. Not long ago we had an adult invest $5,000 in a WIT teen project focused on combatting childhood obesity, and guess what happened? The teens created a curriculum and afterschool program that was so well-received the CEO of the American Medical Association wanted to meet them and hear more about "Choose You." These teens flew to Chicago, pitched to the CEO and got the green-light to run the program again. It's now on track to be implemented nationally and internationally. If the investor had been deterred by age, he would have missed out on a great investment AND communities would have missed out on the benefits of "Choose You."

So to all the adults reading this book, I invite you to do two things:

1. The next time you talk to a teen, to ask the question, "How would you improve your school, community or the world?" Then pause for a moment and get ready for a great response.

2. Invest in teen ideas. Whether it's through WIT, attending teen pitch events, or tuning in to your own teen, give the ideas a chance. You'll reap benefits you didn't even know existed.

THE OGST FRAMEWORK

Often, when consulting and running lean companies, we encourage clients and colleagues to take a step back to really understand how the work will move forward. This is something most hard charging, grab-life-by-the-horns folks don't like to do. If it's not moving them forward, it's not worth their time. However, time and time again, we've seen this strategic pause become a real game changer.

In an innovation initiative, this pause for strategy comes right after finishing the business canvas. You've got the building blocks of your idea, thanks to the Lean Canvas. Now it's time to fill in the details. Again, this shouldn't necessarily become a 50-page business plan, unless that's the culture within which you are operating. Instead, we want you to use your Lean Canvas to create a literal "plan on a page." One way to do this is by breaking your plan down into parts in what is usually a half-day or day-long workshop. The key deliverable is outlining the Objectives, Goals, Strategies, and Tactics. Hence the term you may already know and love: OGST.

Why use an OGST to unpack what your concept is trying to accomplish? We'll give you four good reasons.

- It clarifies gaps and opportunities in processes.
- It fosters greater collaboration throughout the team.
- It defines key measurements for success.
- It documents a "plan on a page" to utilize throughout the year(s).[12]

Most of the ingredients of the OGST can be found in the original Lean Canvas, explained previously. This next step requires you and your team to drill down into a more micro view of how the idea or product will actually work within your company or organization's structure. With the help of our colleague Ben McConnell, let's break down the parts of the OGST.

OBJECTIVES: This is your big intention. These are the major success factors which move the business-at-hand forward. Objectives solve a systemic problem or do something big,

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like enter a new market. They are a rallying point for leaders who manage day-to-day efforts and should be easy to remember, repeat, and spread.

Sample business objectives:

- Deliver world-class customer service.
- Be excellent at customer loyalty.
- Be an employer of choice.

GOALS: A goal is measured impact. It quantifies the success of your objectives. There should be at least one measurable goal for every objective. Goals determine how you fulfill an objective. Multiple goals can—and should—support a single objective. A goal to "attain a Net Promoter Score (NPS) of 59" can support multiple objectives such as "become a word-of-mouth success story" and "deliver world-class service."

Sample business goals:

- Increase positive share of voice by 15 percent by end of year.
- Build out 4 new channels in FY15Q2.
- Grow market share in a category by 10 percent.
- Hire 85 percent of preferred MBAs.

STRATEGIES: A strategy is integrated thinking. It's your approach to achieving your goals and is multi-year in scope. A strategy reflects something that you want to get really good at as a team and you can demonstrate continuous improvement against. It describes action and begins with a verb: create, hire, develop, launch, etc. Each strategy is supported by a series of specific tactics.

Sample business strategies:

- Increase collaboration with partners.
- Identify and activate product enthusiasts.
- Enable employee engagement on social channels.

TACTICS: Tactics are the process to create action in the field. They are the means to accomplish your goals. Multiple tactics are needed to achieve a single goal. Tactics should be very specific and are actions that are best when preceded by a verb. Each tactic has an owner who may rely on the work of multiple people to execute against it. And each tactic typically has its own plan, whether as a business case, a spreadsheet, or a formal proposal. Sample business tactics:

- Develop social media playbook.
- Define social media operational team.
- Update hiring plan.
- Increase trade promotion budgets.[13]

That's a lot of information to bring forward in this process, but you really have to understand the parts of OGST if you are going to use it to implement and prove your idea to management as you move forward in your innovation work.

Another way to understand this is to take your audience through an example. An easy-to-understand example is scaling Mt. Everest. The overall objective would be to scale Mt. Everest. The goal, which should have a date and number attached to it, would be to raise $32,000 for climbing gear by August 2017. Two sample strategies would be to improve endurance and learn more about state-of-the art equipment. Two tactics that would fall under improving endurance would be to ride your bike 30 miles a week and swim 15 miles a week.

By using this OGST framework, you can walk into a room full of stakeholders through their overall objectives, goals, strategies and tactics and gain the approval and support you need to make your product or idea into a reality. It may sound easy, but you'll need to take this information and create what you see below. An actual plan on a page. This plan does not hold magical powers but it does become an important artifact that you can use to keep your innovators on track and executing toward the larger objectives they have outlined for themselves.

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[13] Ben McConnell, "Defining Objectives, Goals, Strategies and Tactics," originally posted at www.churchofcustomer. com, more recently accessible at Shep21's Blog, accessed December 11, 2015, https://shep21.wordpress.com/2009/12/29/defining-objectives-goals-strategies-and-tactics/.

Here is an example "plan on a page." Feel free to use this as a template to guide you as you create your own version for your innovation program.

Objectives			Climb Mount Everest		
Goals			Raise $32,000 for climbing gear by August 2017		
Strategies

Tactics | | | Improve endurance - learn more about equipment | Raise money | |
| | | | Ride Bike 30 miles/week

Swim 15 miles/week | Research sponsors | |
| | | | Join climbing gym | Hold local fundraiser | |
| | | | Weekly swim with team | Pursue book deals | |

AN EXAMPLE OGST

LAUNCHING YOUR PROOF OF CONCEPT

With the business strategy and the canvas laid out and fully reviewed, your innovator is ready to move to the next step in the innovation initiative, launching their proof of concept (POC). As you will learn, there is a lot to be gained from launching and analyzing your prototype as a POC. The insights you glean will help the innovator and the innovation team decide if the idea is worth the full-scale investment needed to turn it into a genuine program.

Since you are working to support intrapreneurship in your organization, there are a few more items to consider and set up before you kick off your work. Unlike your friends who are in the hip incubator downtown, you are likely working within the confines of another business, which holds its own advantages and disadvantages. As you prepare to launch, it is wise to think beyond your POC to a full-scale roll out.

GREGORY **GREEN**

Innovation & Professional Services Advisor. Founder, Featuring.me. SXSW Mentor. Futurist, engineer, marketer, entrepreneur and executive fixer.

DROWN THE BABY

The very first thing I tell first-time founders is, "Try to drown the baby" as early as possible.

By that, I mean, if you can kill your own idea really quickly- through some basic market research, competitor research to determine if others have already tried it and failed, or some other form of objective review to ensure that it is rational- then you can save yourself a lot of time, money and frustration.

Unfortunately, I find that too often, first-time founders skip this step or mostly ignore it, with the expectation that they can come back later to fix it. But, by then, it may be too late.

On the other hand, if you make a legitimate attempt to kill your idea - arguing all of the reasons why it won't work, testing it with discerning customers, etc. - but it continues to live, then you know you may have something worth pursuing.

MIKE **MCGEE**

Co-Founder of the Starter League. Former Student
Body President at Northwestern University.

VITAMINS VS. PAINKILLERS

Troy Henikoff, the managing director of TechStars Chicago once asked our
Starter League students if their start-ups were "painkillers or vitamins?'
Vitamins are nice to have.

We know we should take them, but we don't always remember. However, when
you have a headache, what do you do? You find the nearest Advil to take the
pain away.

When building a startup, you want to create a painkiller instead of a vitamin.

We've covered a lot of graund in this Ebook. In these final pages, we offer reminders and recommendations tailored to your organization size, to help you put your initiative into action!

THE MEDIUM ORGANIZATION: 500-3,000 EMPLOYEES

- **Use a simple yet formal system of gathering employee input**. At this size, skip the suggestion box in the hallway. You likely have too many employees who work at different locations or remotely for it to be effective. A Wufoo or Google form on the web could work, but you should probably work with your IT department to get an idea submission form created on your intranet. Once again, you need a formal system to publicize the program and drive submissions. You also must set the correct parameters for what should be submitted. At this size, it's best to proactively challenge your community, perhaps with something we call the COTM (Challenge of the Month). Post a challenge that an internal team needs help with to the larger community and challenge your employees to submit ideas to solve it. This can be done through email, a simple community forum online or through an in-person idea jam. Once again, it's important to have transparency on how the ideas are graded and to fulfill whatever promise you made to your employees on how often ideas will be reviewed (for a COTM, that would be monthly).

- **Experiment with community voting.** At this size, it's achievable to reach the magic number of people participating to make voting a significant part of the evaluation process. But, again, you don't need to employ 15 people on your peer review/judging committee. Assign at least five people and at least one person from your executive leadership team to be actively involved in the review process. Aim to have a balanced team using the innovation personalities. Rotate out the people in this group every 12-18 months. Be transparent with the rest of the organization about who makes up the team as well as when and how they will look at ideas. Follow up with every single idea to let the ideator know where it is in the process.

- **Guidance is critical.** Once an idea is given the green light by the review team, be sure to follow up in person. At this point, ask the ideator to flesh out the idea in more detail.

A SWOT, Lean Canvas and other business plan canvassing tools we outlined are critical at this point. On top of that, the review team should challenge the ideator to give some thought to budget, key personnel, departmental impact, measurement, and technology issues, even if it's just an estimate and a paragraph on each of those topics. You'll also need to give ideators a time frame to complete this. Review the finished plan with them and other key decision makers in person to gain alignment. And give thought to what might need to change during the POC stage.

• **Take funding seriously.** The budget to develop each idea depends on several factors, including which of the three Ps the idea fits into (product, program, or process). For medium-sized organizations, that could be $10,000 to $25,000 to develop and launch a POC. The budget depends on the complexity of the POC. It should always be limited to encourage the innovator to bootstrap and stay focused. When David was at the American Cancer Society, he chose to use this funding to hire the programmer who worked on the mobile application. Another portion went toward building the website necessary for customers to download it (this was before app stores). The rest was used to promote the mobile tool in order to drive the KPIs and prove value.

 • **Set metrics**. This stage is basically the same across all sizes of organizations. Does the idea work? How are we developing it? Who are we hiring to build it? Are we developing it in-house? If it's a new program, who are we working with to prototype it? And how do we measure it? Test, Test, Test. As we discussed earlier in the book, set up a three- or six-month POC. When it comes to measurement, we expect you to be a little more advanced in your practices than a small business would be. There's no excuse for medium-sized businesses to not set up KPIs (key performance indicators) to measure success. When David was at the American Cancer Society, he used this period to define metrics around physicians and nurses reached in Texas. He designed survey questions to ask about errors in the tool and their level of satisfaction with his customer service website. He also used it to beta test the product with hundreds of doctors and nurses. He collected errors and bugs, got them fixed, and released a new version to test.

• **Blast off.** It's time to launch your product. Once the POC has demonstrated that it works, it's time to ask how it will work with your existing offerings. How will you reward

the employee who thought of the idea? How will you recognize the ideator to encourage others to submit their ideas? When you have an idea that works and employees who are interested in its success, think about how can you combine the two to drive the best possible results. At your organization's size, you can go an extra step with your internal inventors. Recruit them into becoming mentors for other idea submitters. Give them rotating seats on your innovation judging team. Think deeply about how you can use these employees to mentor other internal inventors and turn them into advocates for your innovation system.

THE LARGE ENTERPRISE ORGANIZATION

If you work at a Fortune 1000 business with more than 10,000 employees, read through the previous steps for medium organizations and then address these final recommendations below.

- **Budget for and purchase a software package to help you accomplish your goals.** Choose one that supports single sign-on for your employees, voting on ideas, metrics on ideas submitted, and a way for users to interact with each other. It should be something that's easy to get up and running.

- **Budget and plan for a dedicated department around innovation.** It doesn't have to be big and complicated but, at this scale, you need employees to run this process, select good ideas, and escort the ideas and the people behind them through the complicated roadblocks that exist in a large enterprise company.

- **Make a significant investment around funding innovation.** Don't budget only for the software and staff, but for the funding that new ideas could earn. At this level, consider all the talented people you have working at your company. When employees know that their ideas are being heard, considered, and funded at high levels when they are successful, it makes people happier at their jobs.

- **Consider gamification.** Find a system that has this built in or think of an exciting way to make your ideation system more fun.

- **Bake innovation and ideation into your culture.** Give your employees innovation time each week as part of their schedule. Help them find the time and give them the support that they need to develop their ideas into innovations. Look into programs like Google's 20-percent program that give employees a defined amount of time and re-sources for working on their own ideas. From the interview process onward, promote how you inspire your employees to contribute new ideas and collaborate with them to make them a reality.

Innovation is about implementation and action. Applying these best practices should be part of your business growth strategy. It should be treated as a mission-critical component to your business's future success.

CORPORATE INNOVATION AT CAPITAL FACTORY: BRINGING IT ALL TOGETHER

Capital Factory, in the heart of downtown Austin, is a leading example of the new era of corporate partner that can bring innovation together for large enterprises.

In many respects, the success of Capital Factory as an innovation hub is a reflection of the success of Austin, Texas. Texas has been on a roll economically the past decade -- if it was a country, it would be 12th largest in the world by economic activity -- and Austin, in particular, has been on fire.

It's the top city in America to start a new business, according to CNBC. More than 10,000 companies have fled the legal and regulatory business impediments in California over the last 8 years and Austin has been the greatest beneficiary.

From a tech sector perspective, Austin was recently ranked the best place for software developers to get a job, while simultaneously being the best city in which to recruit and hire talented developers. How can it be at the top of both the employee's and the employer's lists?

It is a relatively affordable city, as compared to other similarly livable cities on the East and West coasts. The population is highly educated (5th in the U.S.), inclusive, and welcoming of diverse cultures and lifestyles. And, for the second year in a row, the Kauffman Foundation, ranked Austin first for startup activity.

Kauffman Index of Startup Activity
Metropolitan Area Data Table

Rank 2016	Index 2016	City (Main)	Metropolitan Area	Rank 2015	Change in Rank	Rate of New Entrepreneurs	Opportunity Share of New Entrepreneurs	Startup Density
1	4.77	Austin	Austin-Round Rock-San Marcos	1	0	0.60%	79.88%	105.2
2	3.16	Miami	Miami-Fort Lauderdale-Pompano Beach	2	0	0.49%	78.08%	113.0
3	2.59	Los Angeles	Los Angeles-Long Beach-Santa Ana	4	1	0.51%	75.82%	91.5
4	2.24	San Francisco	San Francisco-Oakland-Fremont	9	5	0.46%	82.34%	82.7
5	1.67	Las Vegas	Las Vegas-Paradise	6	1	0.38%	77.43%	120.8
6	1.44	New York	New York-Northern New Jersey-Long Island	10	4	0.39%	82.99%	89.1
7	1.38	Houston	Houston-Sugar Land-Baytown	8	1	0.40%	79.45%	94.2
8	1.33	San Jose	San Jose-Sunnyvale-Santa Clara	3	-5	0.31%	94.18%	87.5
9	1.29	Denver	Denver-Aurora-Broomfield	5	-4	0.36%	85.06%	92.2
10	0.62	Phoenix	Phoenix-Mesa-Glendale	12	2	0.34%	80.72%	94.5
11	0.39	San Diego	San Diego-Carlsbad-San Marcos	11	0	0.33%	81.85%	88.1
12	0.27	Dallas	Dallas-Fort Worth-Arlington	15	3	0.33%	79.06%	93.7
13	0.09	San Antonio	San Antonio-New Braunfels	7	-6	0.28%	87.33%	84.6
14	0.02	Columbus	Columbus	13	-1	0.37%	77.10%	71.8
15	-0.06	Atlanta	Atlanta-Sandy Springs-Marietta	14	-1	0.37%	70.36%	92.3
16	-0.31	Nashville	Nashville-Davidson-Murfreesboro-Franklin	23	7	0.38%	69.10%	83.0
17	-0.40	Riverside	Riverside-San Bernardino-Ontario	16	-1	0.29%	78.51%	93.3
18	-0.49	Kansas City	Kansas City	29	11	0.32%	77.72%	77.9
19	-0.51	Tampa	Tampa-St. Petersburg-Clearwater	21	2	0.35%	67.97%	95.2
20	-1.02	Baltimore	Baltimore-Towson	17	-3	0.24%	86.95%	69.0
21	-1.08	Orlando	Orlando-Kissimmee-Sanford	33	12	0.22%	78.34%	106.6
22	-1.10	Boston	Boston-Cambridge-Quincy	23	1	0.32%	74.45%	68.5
23	-1.21	Charlotte	Charlotte-Gastonia-Rock Hill	25	2	0.36%	62.28%	86.2
24	-1.22	Cincinnati	Cincinnati-Middletown	31	7	0.25%	85.49%	62.1
25	-1.27	Washington, D. C.	Washington-Arlington-Alexandria	28	3	0.28%	75.76%	78.5
26	-1.40	Seattle	Seattle-Tacoma-Bellevue	19	-7	0.24%	78.21%	86.1
27	-1.42	Sacramento	Sacramento-Arden-Arcade-Roseville	20	-7	0.24%	78.80%	83.3
28	-1.45	Jacksonville	Jacksonville	26	-2	0.18%	84.41%	93.5
29	-1.62	Chicago	Chicago-Joliet-Naperville	22	-7	0.22%	81.34%	78.0
30	-2.00	Detroit	Detroit-Warren-Livonia	35	5	0.26%	72.69%	74.8
31	-2.05	Portland	Portland-Vancouver-Hillsboro	30	-1	0.26%	70.37%	80.9
32	-2.06	Virginia Beach	Virginia Beach-Norfolk-Newport News	18	-14	0.21%	81.15%	68.9
33	-2.17	Indianapolis	Indianapolis-Carmel	27	-6	0.18%	82.57%	75.7
34	-2.27	Philadelphia	Philadelphia-Camden-Wilmington	32	-2	0.22%	77.22%	70.3
35	-2.30	Providence	Providence-New Bedford-Fall River	34	-1	0.17%	87.33%	60.1

CAPITAL FACTORY: AUSTIN'S ENTREPRENEURIAL CENTER OF GRAVITY

In the eye of Austin's startup hurricane is Capital Factory. It is figuratively and literally located in the center of Austin, being both the city's largest and most active co-working/accelerator program (as illustrated in the figure) and physically residing in the middle of Downtown Austin.
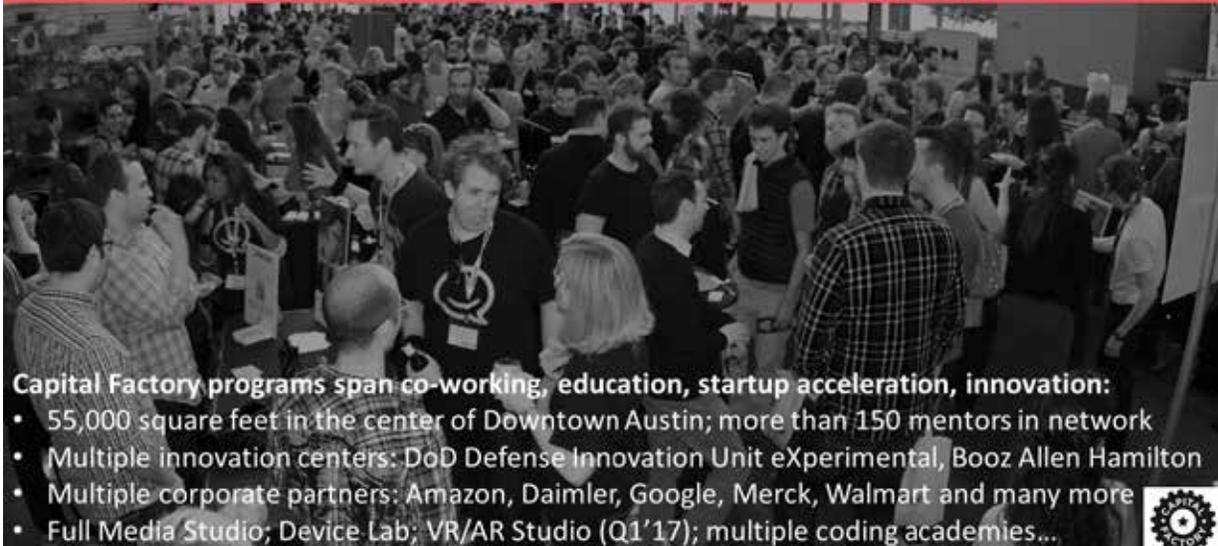
There are a number of attributes that shape Capital Factory's desirability as a startup center of gravity.

Capital Factory is the center of gravity for entrepreneurship in Austin

1,000+ co-work members   850+ annual events   165 accelerator startups
400+ startups   50,000+ event attendees   85+ venture investments

Capital Factory programs span co-working, education, startup acceleration, innovation:
- 55,000 square feet in the center of Downtown Austin; more than 150 mentors in network
- Multiple innovation centers: DoD Defense Innovation Unit eXperimental, Booz Allen Hamilton
- Multiple corporate partners: Amazon, Daimler, Google, Merck, Walmart and many more
- Full Media Studio; Device Lab; VR/AR Studio (Q1'17); multiple coding academies...

Density. With nearly 1,000 events occurring every day and night of the week, including weekends, there a higher amount of what Zappo's founder Tony Hseih famously refers to as "collisions." These are the random, unstructured occurrences of synchronicity, whereupon event attendees discover others working on same problem, identify a person with a key skill they were seeking, and so much more.

Breadth. Equipped for the Full Startup Life-cycle. Capital Factory is a:

- **Destination** for events, serving as a free-to-the-public meeting space for qualifying meetups groups and non-profits, in addition to Capital Factory's own University program for members

- **Co-working space**, providing high availability network, 24/7 officing, full kitchen, and many other one-stop shop amenities, like a device lab for multi-platform testing, a full video production studio, and multiple on-site coding academies
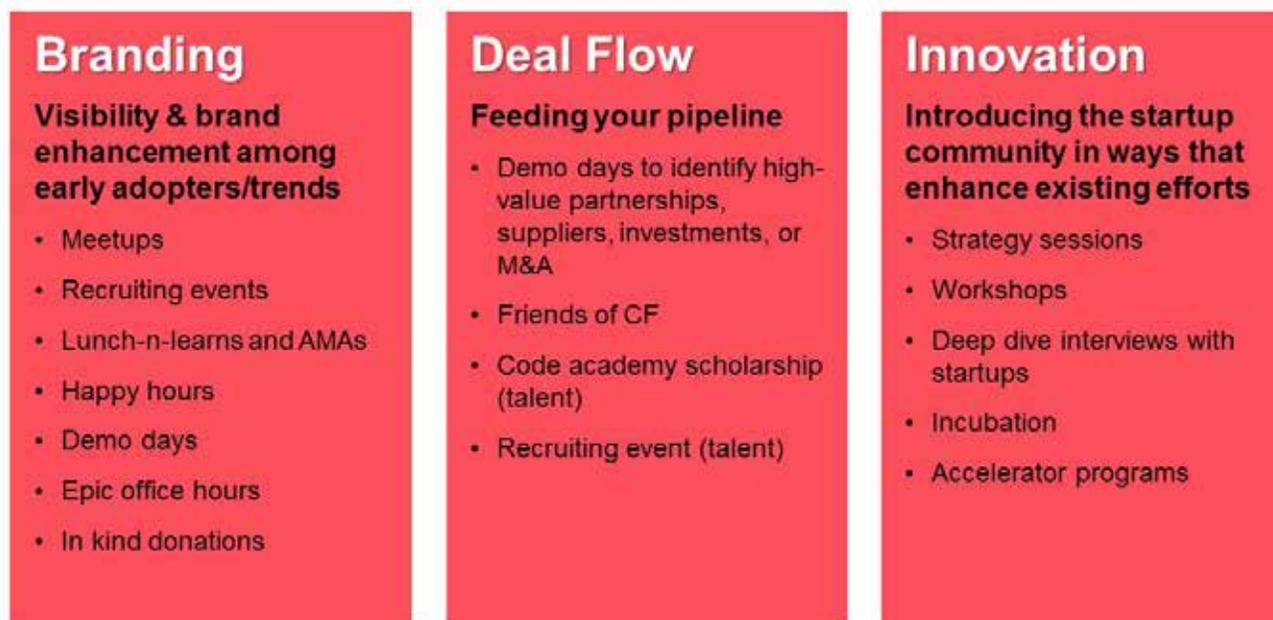
- **Accelerator program**, substantially improving the chances of success for promising startups, introducing them to dozens of experienced mentors, possible co-founders, potential customers, and more

- **Investor**, managing its own matching venture capital fund, as well as cultivating intimate relationships with local and out-of-town top-tier VC funds

- **Resource hub**, for critical resources that are necessary for startup success, including software, hardware, hosting, communications and more

- **Ecosystem curator**, forging deep connections with civic, political, cultural, and local, state, and national partners, to constantly assure or create the conditions most favorable to the success of innovative, new ventures in Austin

Scalability. Capital Factory is capable of scaling up to meet the needs of the most demanding, world-class companies and events. For example, it serves as the VIP headquarters for SXSW Interactive, one of the leading digital conferences and expositions in the world.

Likewise, with its location in the Omni Center, a twin-tower, 16-story, top-tier hotel and hospitality property in downtown Austin, Capital Factory has access to large meeting and banquet space, multi-floor technology and concierge service, and external vendor community, as needed, for large corporate meetings or executive summits numbering in the hundreds of attendees.

Corporate Innovation Offerings

Branding	Deal Flow	Innovation
Visibility & brand enhancement among early adopters/trends	**Feeding your pipeline**	**Introducing the startup community in ways that enhance existing efforts**
• Meetups • Recruiting events • Lunch-n-learns and AMAs • Happy hours • Demo days • Epic office hours • In kind donations	• Demo days to identify high-value partnerships, suppliers, investments, or M&A • Friends of CF • Code academy scholarship (talent) • Recruiting event (talent)	• Strategy sessions • Workshops • Deep dive interviews with startups • Incubation • Accelerator programs

Taken together, these attributes serve as foundation for three pillars of Capital Factory's innovation program offerings for corporations, as shown in the figure.

As the figure illustrates, these programs bring together business drivers from multiple departments or divisions found in the modern, large enterprise.

1. **Branding** programs address the needs of marketing and sales leadership
2. **Deal flow** programs address the talent and institution pipelines needed by HR and corpdev leadership

3. **Innovation** programs are organized to deliver value for product & service LOB leadership, chief innovation & strategy officers, and CIO & CTO executive and their portfolio of direct reports

All of these programs are available a'la carte, as well as on an annual, subscription basis. For more information, visit the Capital Factory website or email corporate@capitalfactory.com.

Tomorrow's "normal" is today's "wild" idea. The products and services that disrupt an entire industry are possibly being prototyped in an accelerator in your town.

For large enterprises seeking to ignite new ideas and get an early look at the trends and talent driving change, investing in a startup ecosystem like Capital Factory has become an innovation imperative.
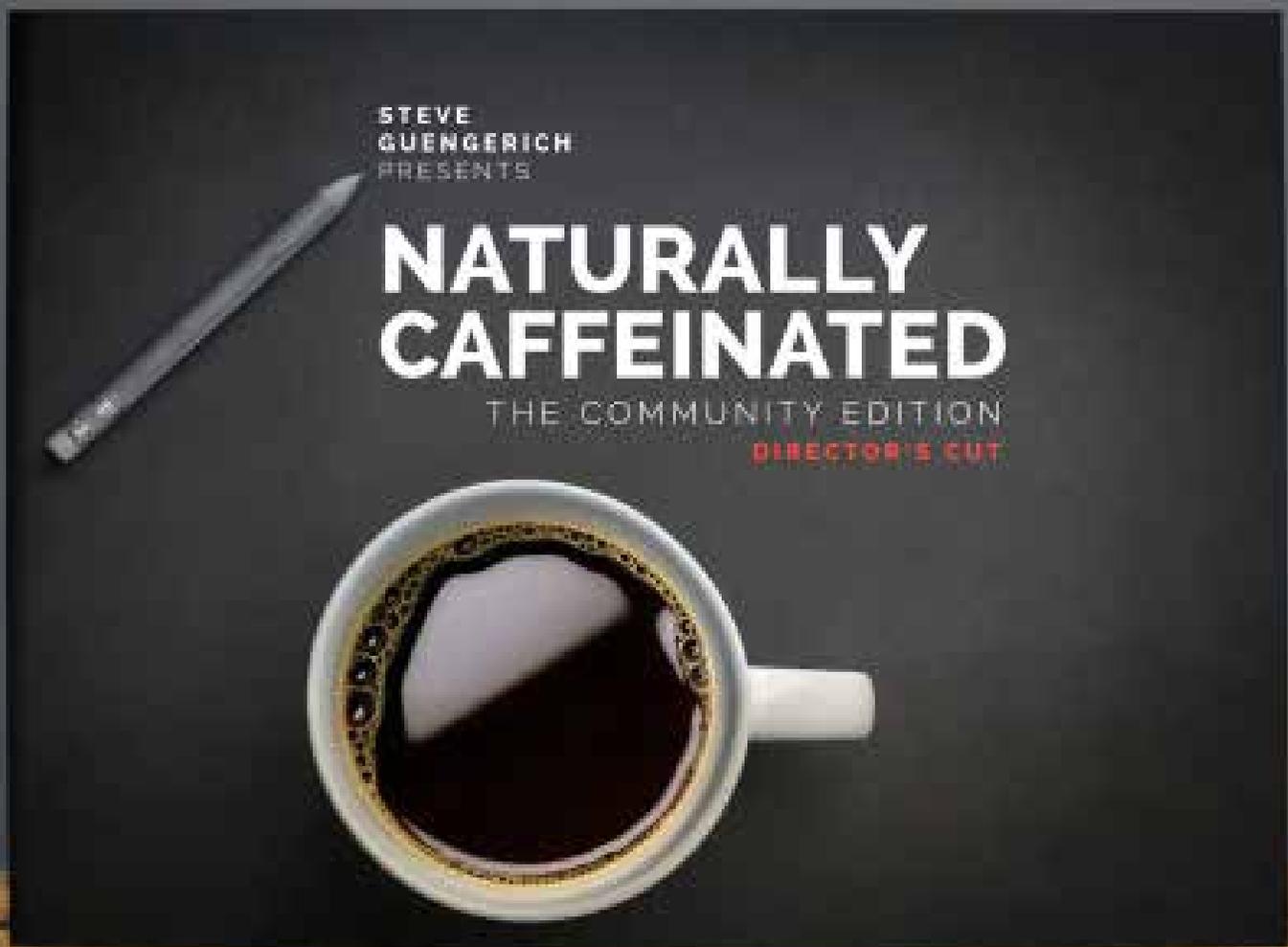
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FROM WEEVA
BY STEVE GUENGERICH

NATURALLY CAFFEINATED: The Community Edition, is a collection of hundreds of tips for becoming a successful entrepreneur from a wide array of start-up founders and investors from Austin and around the world. Presented by Steve Guengerich, "Austin's Ambassador of Tech" (BuiltInAustin 7/15), and designed and produced by Weeva, a Capital Factory accelerator company, this unique anthology provides deep insights and advice for aspiring and seasoned entrepreneurs alike.

THE DIRECTOR'S CUT contains 30 extra contributions from Austin's top entrepreneurs with additional insights and analysis from Steve Guengerich.

Available at WEEVA

DAVID J. NEFF   RANDAL C. MOSS

SETTING YOUR

IGNITE

ORGANIZATION'S CULTURE

ON FIRE

WITH INNOVATION

IGNITE SETTING YOUR ORGANIZATION'S CULTURE ON FIRE WITH INNOVATION

BY DAVID J. NEFF AND RANDAL C. MOSS

IGNITE is for you, the professional who has wished that there was a better way to turn a bright idea into a blazing new innovation. The examples are repeatable, the writing approachable, and the results are real across every sector, from small nonprofits to Fortune 1000 companies.

Regardless of your organization's size or the position you hold within it, IGNITE provides practical advice and concrete guidance on how to stop talking about an innovation strategy and make it a reality. With a focus on action, accountability, and results, this book presents a scalable process any organization can implement in order to find, evaluate, develop, and launch its next major innovation.

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CORPORATE INNOVATION

BEST PRACTICES FOR LEVERAGING STARTUP ECOSYSTEMS & IGNITING NEW IDEAS

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