

Chapter 4

Essays: Leadership

Entrepreneurial Innovation

Dean DeBiase

Tap into the entrepreneurial movement to reboot your company's innovation engine.

The stalled and ineffective growth programs in large organizations frustrate traditional innovation leaders. What got their companies to where they are today is not cutting it anymore; their broken innovation engines need a reboot.

Remarkable ideas that are actionable, scalable and move beyond “rounding error” revenue status are in short supply. Companies are noticing an entrepreneurial movement sweeping the globe that could impact the prosperity of their organizations, brands, and industries. Unlike previous movements, reserved for exclusive corners of the world like Silicon Valley, this democratized movement can transform a company's growth around the globe—if they join it!

Seeking the Entrepreneurial Mindset

For too long, large organizations have relied on themselves and other large-scale vendors, partners and consultants to dream up, develop and deliver on their innovation efforts. The concept of them working side-by-side with diverse entrepreneurs to create new products and services has mostly been merely a topic of articles, workshops and keynotes. But whether you are a fast follower or a bold pioneer, tapping into the entrepreneurial movement can make an impact, from improving an incremental service concept or developing a new product to accelerating your speed to market or creating an entirely new industry category.

Scrappy Startups Can Win the Day

Most leaders are comfortable exploring incremental improvements in their offers, within the boundaries of their industry, using customer feedback or competitive behavior as their guide. But beyond this, for true innovation, CEO's need people who can cut through the slow corporate clutter and develop bolder ideas that go further than flanking competitors. CEO's are frustrated when they see scrappy startups with silly names releasing imperfect products and getting market traction. They often tell me, "oh, we thought of that idea years ago" and "we could have done that." But, alas, they didn't. While they are making fun of these seemingly chaotic startups, they don't realize that some of those startups are getting ready to eat their lunch, as gorilla Blockbuster once dismissed startup Netflix.

Operating in Disruptive Corners

Startups are more comfortable operating in the dirty disruptive corners of new product development because they have a single-minded passionate purpose and don't need permission from their CFO to cannibalize existing products for the sake of building a new future. With the promise of The Internet of Things over the next decade, no industry is safe from the movement. The early adopter industries were disrupted in the Internet's first phase, and chances are there's a fanatic entrepreneur on a mission to be a disruptive force in your industry. She may even be a current employee ready to leave for an environment that will provide the freedom she craves to create your next generation of offers. But it doesn't have to be like that. You can create a culture that embraces - or, as a first step at least tolerates - entrepreneurial innovation. To do that, you need a blueprint. My two favorite approaches are creating entrepreneurial environments inside and partnering with the startup ecosystems outside.

Creating a More Entrepreneurial Culture

There are dozens of hybrid ways to approach, engage, and monetize entrepreneurial innovation anywhere in your organization, if you mind the cultural gaps. At the simplest level, you can create a more entrepreneurial culture through open models that encourage people to think and experiment. 3M was a pioneer, with a model for fostering new ideas that Google took to a new level: allowing employee's to spend 70% of their time on their day job, 20% on new relevant projects and 10% on "whatever tickles their fancy." It sounds

easy enough, but try it with some random employees for a month and you will notice it takes some planning, structure and a cultural shift.

“Serve and Protect”

Bringing entrepreneurial-grade talent into organizations brings new insights and techniques into your invention process. However, attracting, recruiting, engaging, rewarding and retaining an entrepreneurial-minded person in large corporation is an art. It is also a struggle between the established, disciplined status-quo conformist crowd and the more nimble, unstructured entrepreneurial types. It is not enough to say that you want your people to be more entrepreneurial; you need to back it up by supporting their new behaviors, which are so foreign to the existing culture. Once empowered, like a police department’s motto, you must “serve and protect” them from the corporate antibodies that tend attack their uncommonness—when they are successful and not.

Separating from the Herd

Another level is to form separate groups of current and new employees, away from the political pace of your organization, creating dynamic, less artificial entrepreneurial environments. Don’t settle for a separate floor or building on the campus, as your CFO may suggest—get out and create something cheap, funky and closer to the entrepreneurial (or client) base you want to tap. AT&T is doing this with AT&T Foundry, welcoming developers to build incremental innovation. Though not replacing R&D, it’s a huge step and welcome departure from the bureaucratic Bell Labs era of the last century, in which many companies still operate. Large organizations also have exceptional opportunities to harvest their technology, like GE opening its vast patent portfolios, allowing innovators to create new products. Regardless of your approach, when people have the freedom and proper support, they can help build remarkable new services and ventures—and provide a new mindset and platform to partner with startups on the outside.

Partnering with Entrepreneurial Ecosystems

Outside partnering can happen from Detroit to Katmandu, where entrepreneurs are transforming the economic landscape, one startup at a time. Smart leaders are turning to them to reboot their traditional, mired programs and take

advantage of the traction of these lean, laser-focused, tech-enabled startups. Engaging the ecosystems requires creative and flexible models to partner with startups, and a commitment to exploring the non-obvious, uncomfortable and uncharted territory of entrepreneurial innovation. There are hundreds of relevant startups in your core and adjacent business sectors. To get started, consider tapping into geographically-convenient and industry-specific incubators and accelerators.

In Chicago we built 1871, a digital startup incubator, which operates in partnership with business, government, academic and financial leaders who engage with our startups to fuel their corporate innovation fires. Even government has seized the movement, with NASA co-locating an incubator inside the Johnson Space Center to allow entrepreneurs to set up shop and tap into our nation's best technologies. After you identify a startup partner, gaining clarity together is the next step, and the process is as diverse as it is complex: you can agree on neat and tidy pre-planned goals, structures and roles, or you can foster messy but purposeful disorganization that allows for moments of inventive serendipity.

There has never been a better time to harness the power of entrepreneurial innovation. Even if you are not involved in -- or don't have permission to -- experiment, there are steps you can take. Visit an incubator, volunteer at a startup, offer to mentor an entrepreneur and begin to embed yourself into the global startup ecosystem on a local level. With this experience, you can become a go-to person to work with the entrepreneurial movement for your organization, or, if necessary, with a competitor who values your ability to innovate.