



Mayfield

# **Mayfield CXO Innovation & Priorities Report 2020**

## **Part 2: Corporate Innovation**



Mayfield

# Corporate Innovation: A Six Step Blueprint

# Corporate Innovation

## A Six Step Blueprint

In large organizations, corporate innovation can sometimes come across as a Sisyphean task. As soon as your team clears one hurdle, another comes into view. When this is combined with weak budget and compensation allocation, it can feel like spending a lot of time focused on innovation is just not a high priority. One of our goals to wrap up this survey, was to break down the innovation process into **six key parts**, intended as a blueprint to help organize your team and achieve success. Crawl before you run.

We've sourced the makeup of this blueprint from hundreds of conversations with innovation leaders from around the globe. **Use the subsequent pages as a checklist on leading practices.**



Get to know your customers



Bold imagination



Deploy small bets



Remove roadblocks



Define your team

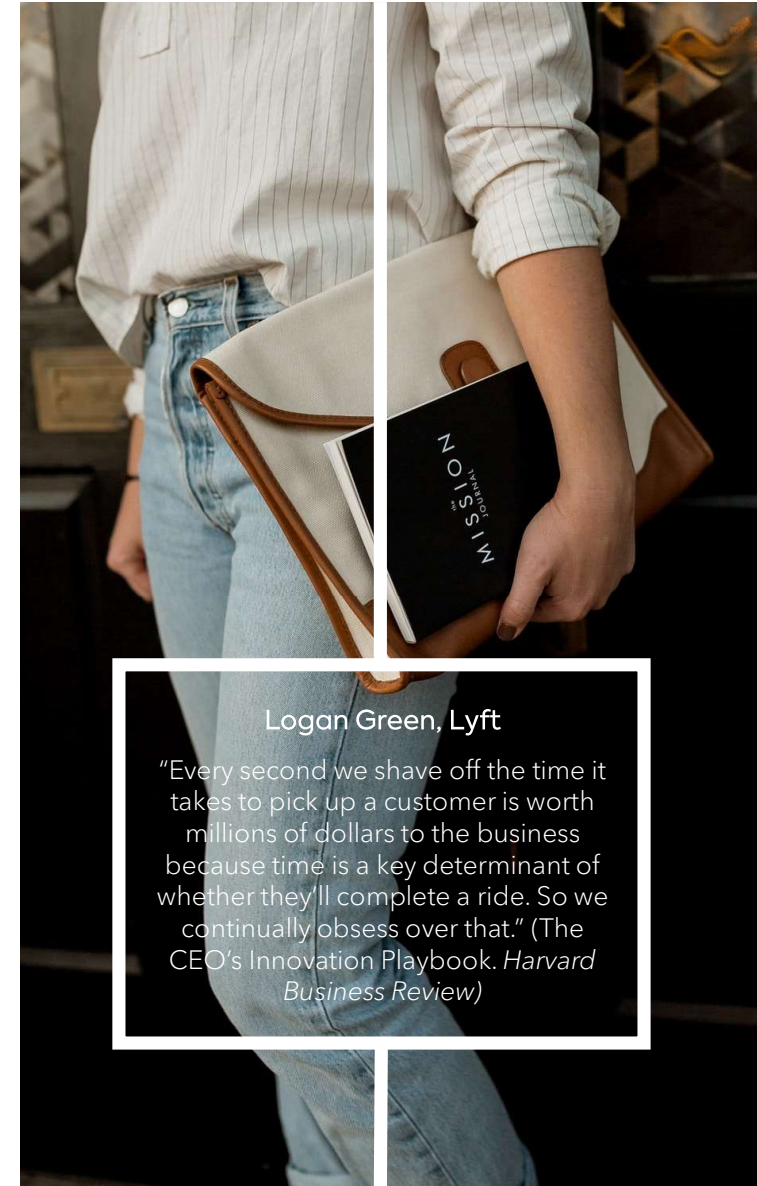


The incubation process



# Get to Know Your Customers

- ❑ Talk to them beyond just a survey and get to know their pains
- ❑ Don't outsource – executive teams should be directly involved
- ❑ Over-index on data driven insights than can be tested (as opposed to tradition or bias)
- ❑ Don't bombard your customers with too much information, but instead the right information at the right intervals
- ❑ Focus on what your customers needs are – as opposed to adding technology for the sake of technology
- ❑ Better communication across IT and the business units can help foster better customer-facing initiatives
- ❑ Customer engagement groups can help provide direction on where customers are going – and how your teams can go with them



Logan Green, Lyft

"Every second we shave off the time it takes to pick up a customer is worth millions of dollars to the business because time is a key determinant of whether they'll complete a ride. So we continually obsess over that." (The CEO's Innovation Playbook. *Harvard Business Review*)

# Bold Imagination

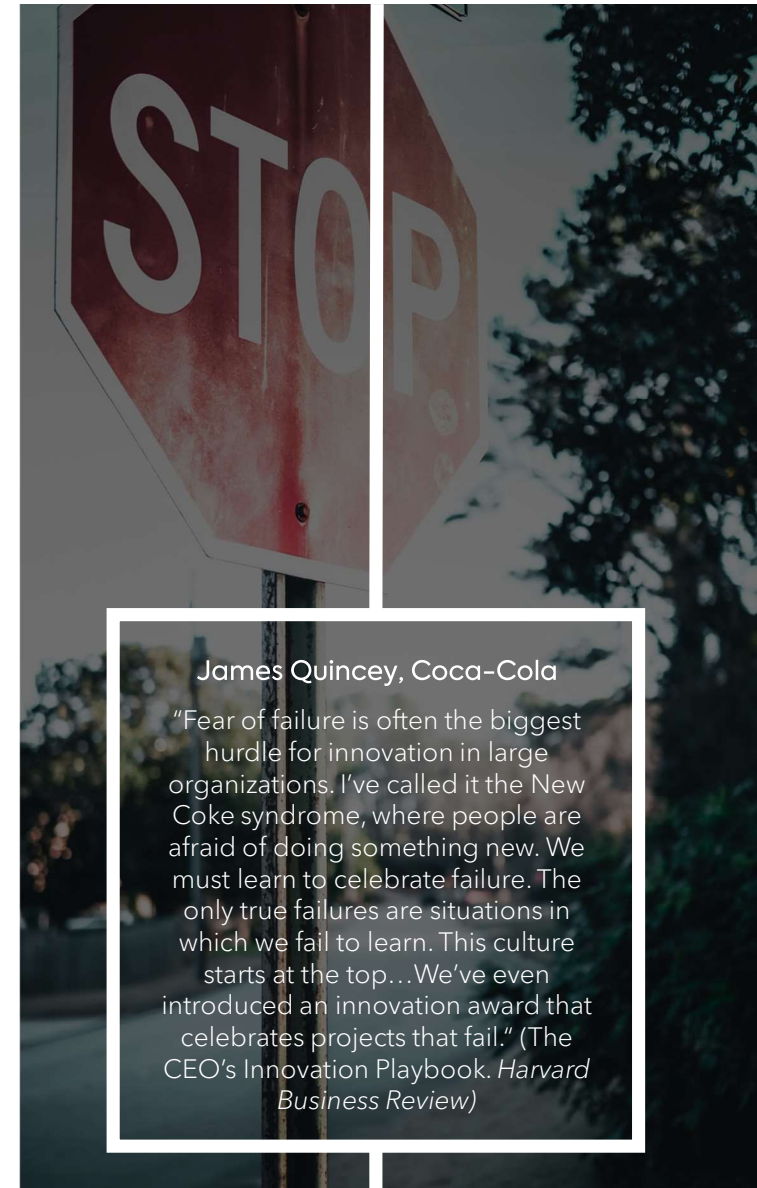
- ❑ Give “big ideas” a chance to be debated – don’t just shut them down
- ❑ Make an effort to marry customer pain with the art of what’s possible – startup style
- ❑ Get your leadership team engaged in curated “corporate tourism” to stay on top of key new innovations and trends – volume of ideas matters, even those beyond the normal market
- ❑ Speaking of volume...partner with those who have an interest in helping you innovate: This could mean local incubators, appropriate VCs, or other startup programs. Make an effort to cultivate these relationships to bolster your incoming flow of new startups

**Michael Schlein, Accion**

“We have worked hard to become a magnet for innovation from around the world. Our global team finds, supports, and learns from local innovators solving problems that prevent people from realizing their potential. We foster innovation by advising, investing, influencing, and partnering—holistically—to drive progress.” (The CEO’s Innovation Playbook. *Harvard Business Review*)

# Deploy Small Bets

- ❑ Have a short-term process of go or no-go when working with a startup; for instance, a 60-day trial to determine if there is any fit at all before moving to a deeper dive
- ❑ Organize the core team from legal, to procurement, to facility access as purpose-built for this short sprint process so that everyone is on the same page
- ❑ Provide this as a prescriptive process for the startup to succeed or fail when working with you
- ❑ Test and measure MVPs against your customers' pains (refine, retest, re-measure)
- ❑ Become an expert at small bets
- ❑ Failure terminology gets replaced with "learning loop" that celebrates new insights and learnings
- ❑ Build a catalog or library of knowledge – data-driven insights that capture what works and what doesn't
- ❑ Low risk but potentially high upside



**James Quincey, Coca-Cola**

"Fear of failure is often the biggest hurdle for innovation in large organizations. I've called it the New Coke syndrome, where people are afraid of doing something new. We must learn to celebrate failure. The only true failures are situations in which we fail to learn. This culture starts at the top... We've even introduced an innovation award that celebrates projects that fail." (The CEO's Innovation Playbook. *Harvard Business Review*)

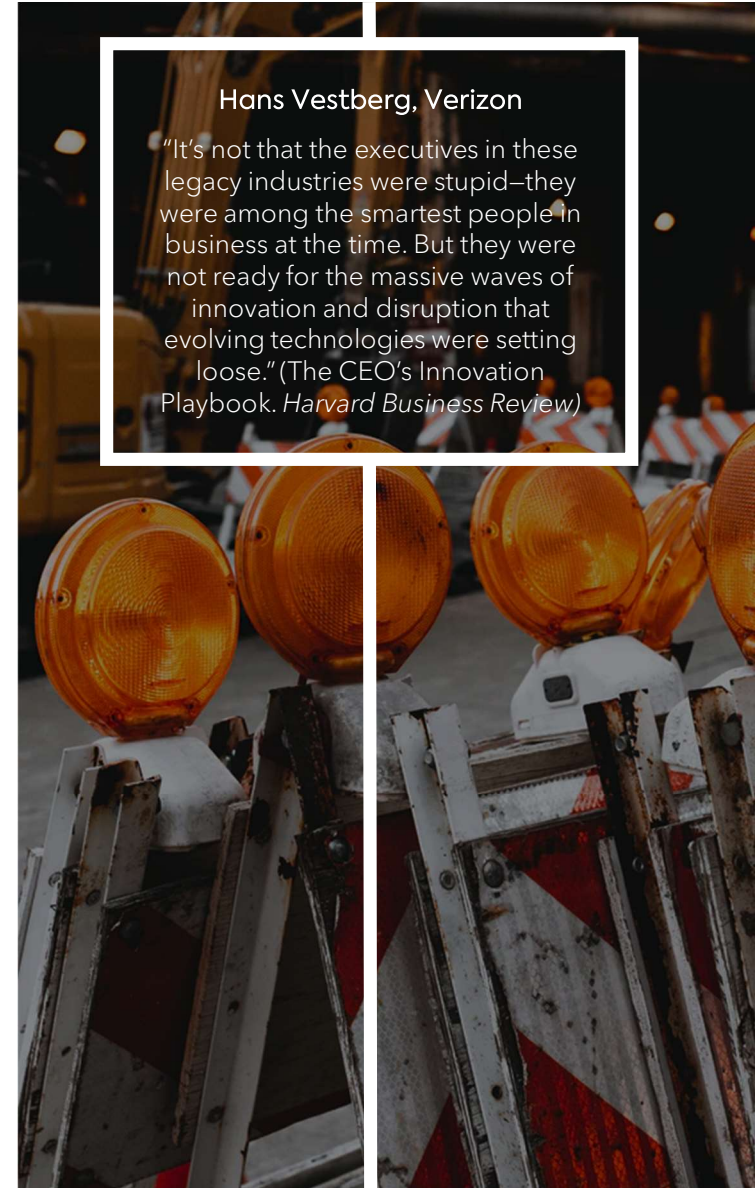


# Remove Roadblocks

- ❑ Review obstacles, metrics, governance, compensation, resource allocation, policies, procedures, and politics with an eye for innovation
- ❑ Get everyone on the same page for POCs – align the rest of the organization to this fast-paced process of working with startups. Speed matters.
- ❑ Protest the barriers & obstacles, and then systematically remove or reduce them
- ❑ Consider these changes to be “preconditions” for success
- ❑ Don't let well established legacy processes kill innovation – challenge legacy. This includes sacred cows too.
- ❑ Continue to re-review obstacles, getting more effective at every step...award successes on productivity here

Hans Vestberg, Verizon

"It's not that the executives in these legacy industries were stupid—they were among the smartest people in business at the time. But they were not ready for the massive waves of innovation and disruption that evolving technologies were setting loose." (The CEO's Innovation Playbook. *Harvard Business Review*)



# Define Your Team

## What is the core team make-up?

- ❑ Practitioners – Practical deep market knowledge
- ❑ Engineers & Designers – Expert Prototypers
- ❑ Data Scientists – Real-time feedback

## Who are the executive sponsors that will remove the barriers?

- ❑ CEO
- ❑ CFO
- ❑ GC
- ❑ Business GMs
- ❑ BoD

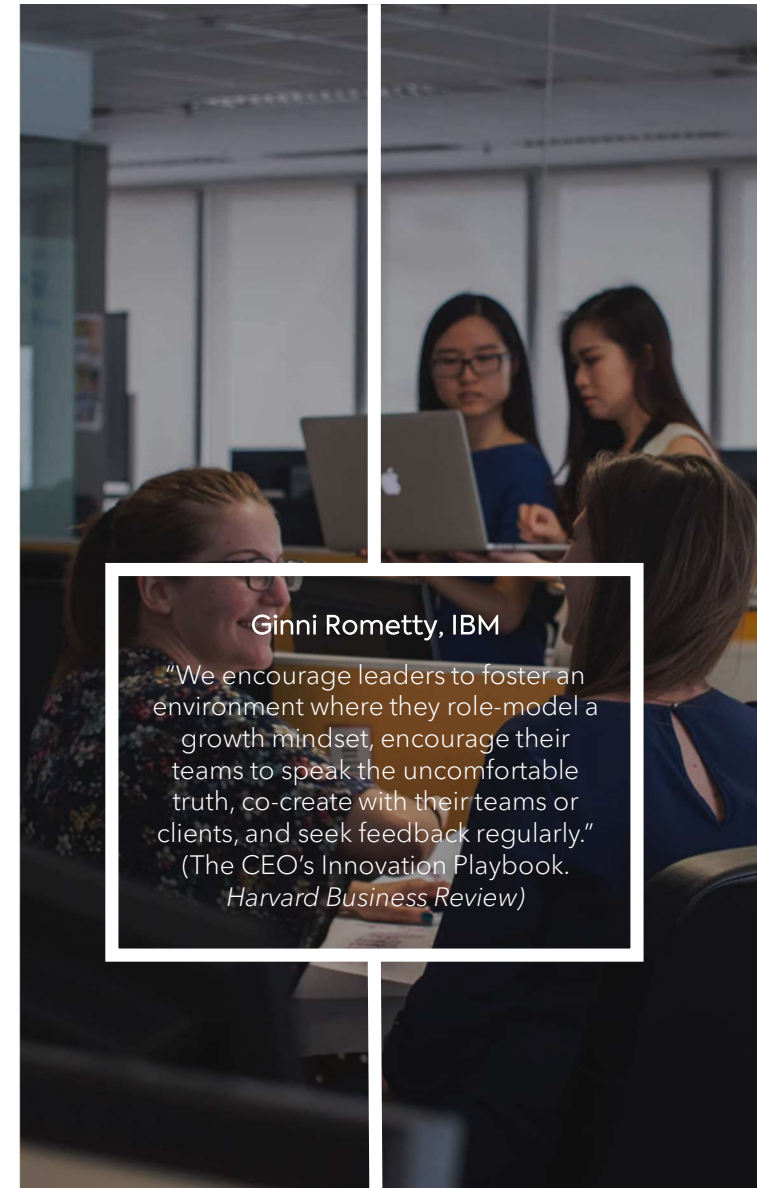
## Who are the outside resources?

- ❑ Peers – competitive and non-competitive

- ❑ Non-peers – Other industries for orthogonal insights
- ❑ Venture firms for ideas
- ❑ Network of other innovators

## View your team in three core skills:

- ❑ Idea Makers – Idea-a-minute types, passionate about the customer and can articulate the problem & solution well
- ❑ Growth Makers – Growers who can execute, hire/recruit, and build with scale in mind
- ❑ Efficiency Makers – Detail-oriented types who drive for efficiency, process, cost-reduction



Ginni Rometty, IBM

"We encourage leaders to foster an environment where they role-model a growth mindset, encourage their teams to speak the uncomfortable truth, co-create with their teams or clients, and seek feedback regularly."  
(The CEO's Innovation Playbook.  
*Harvard Business Review*)



# The Incubation Process

## Set Metrics

- ❑ Set your targets, timeline, journey, and what success looks like for *you*
- ❑ Continuously fund, test, and gather feedback on small bets
- ❑ Competitively driven to exceed customer expectations

## Get Organized

- ❑ Hone your innovation team's methodology and process
- ❑ Get everyone on the same page throughout the org

## Define a team

- ❑ Who are the drivers and advocates?
- ❑ What is the core team makeup?

## Drive

- ❑ North star urgency
- ❑ Honestly embrace facts of disruption
- ❑ Develop a pipeline where you can garner a VC-like investment thesis: A synopsis of the evolving market, and predictions around the future landscape, players, and early signals to track
- ❑ Become experts at the innovation learning journey & lifecycle
- ❑ Become a talent magnet like never before
- ❑ Learn the players in the innovation ecosystem: VCs, incubators, entrepreneurs, suppliers
- ❑ New revenue – initially small
- ❑ New process – become a faster, more agile team

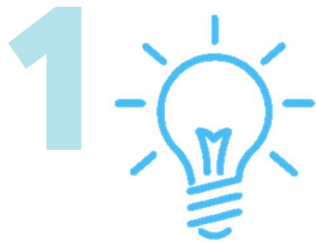
## Results

### Johnny Morris, Bass Pro Shops

"Sometimes, formal planning and a complicated process can kill innovation. We don't form big committees or bring in lots of consultants. I read letters from customers and talk with our team members, spending as much time as I can visiting our stores and visiting with our people. The best ideas tend to happen when we're closest to our customers and the team members who serve them, not sitting around board rooms." (The CEO's Innovation Playbook. *Harvard Business Review*)

## In Summary

# The 3 “I”s of Corporate Innovation



### Ideation

- Top down leadership strategy
- Creating a culture that embraces new ideas - ongoing opportunity to debate improvements and new approaches
- Sourcing new ideas through VC partnerships, incubators, etc.



### Incubation

- Internal process to shepherd external innovation
- Unique process for early stage companies
- Collaboration with business unit sponsors on initial narrow use case wins
- Acceptance of 100% failure - encouraging risk of new approaches to learn



### Investment

- Formal processes for commercial business terms that may begin from trial customer to strategic investor
- Early access with VCs, founders, and extended board

# Citations

1. "Innovators Become Leaders." *Harvard Business Review*, Analytics Services, 2019
2. "The CEO's Innovation Playbook." *Harvard Business Review*, Analytics Services, 2019
3. "The Blueprint to Corporate Innovation Success: A Chat with Silicon Valley's Mach49." *Innov8rs*, <https://innov8rs.co/news/the-blueprint-to-corporate-innovation-success-a-chat-with-silicon-valleys-mach49/>