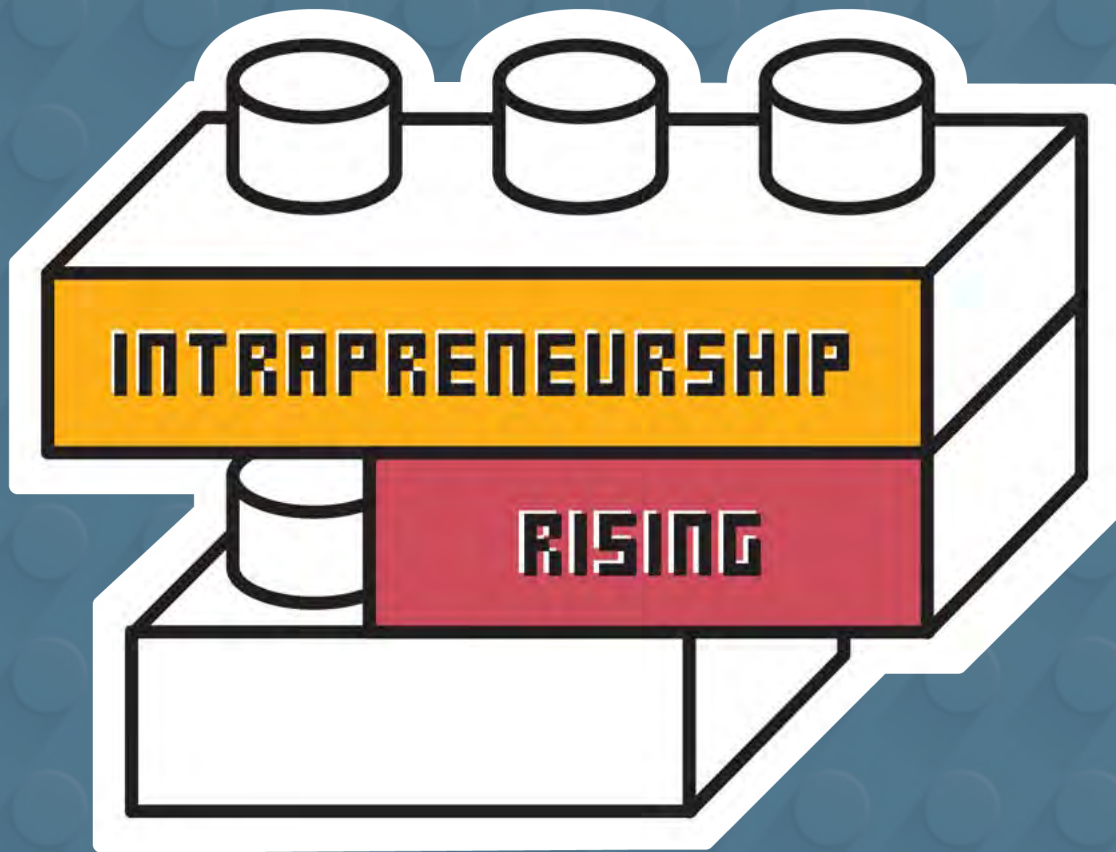


# NEXT

M A G A Z I N E

ISSUE 8.0



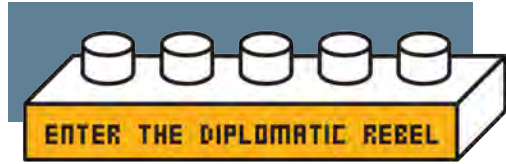


## LEADING RADICAL INNOVATION AND TRANSFORMING ORGANIZATIONS FROM WITHIN.

In the fiercely competitive, swift-moving age of digital transformation and technology disruption, intrapreneurship isn't optional for large companies. For those that want to survive, it's a requirement.

"The market is moving too fast for companies to rely on traditional modes of launching innovation," says David Gram, executive advisor and co-founder of Diplomatic Rebels. "Intrapreneurship is about innovating in explorative ways within your company and developing a culture of agile experimentation and learning. It's really about companies daring to fail."

The bigger a company gets, so does its fear of failing, notes Gram. This fear can easily stymie a company's ability to react quickly to market changes, seize new business opportunities, and adopt emerging technologies. The trick for large corporations is to break free from tired operational habits and ways of working, clearing the way for an environment that supports nimble, adaptive capabilities, processes, and talent.



Gram honed his intrapreneurial and innovation leadership skills for the past 15 years at major corporations like Siemens and, more recently, LEGO where he served as senior innovation director for the toymaker's Future Lab and head of venturing (EMEA) of LEGO Ventures, the business group that invests in external startups.

After LEGO, he co-founded the firm Diplomatic Rebels to help individuals and company leaders develop the capabilities to be intrapreneurial. His training focuses on helping individuals balance the startup spirit of a rebel and the skills of a diplomat within their organization.

"Diplomatic rebels know how to challenge the status quo with disruptive and provocative ideas without losing the support and respect of their colleagues and management," says Gram.

He helps companies navigate the corporate bureaucracy and inertia within their organizations to create the proper environment for intrapreneurial innovation to thrive and identify ambidextrous leaders who can manage existing business models and guide new, radical ones simultaneously.



Gram describes three levels of innovation that occurs within organizations:

Level 1: Incremental innovation

Level 2: Radical innovation

Level 3: Innovation through a separate business entity

Level one consists of incremental innovation and continuous improvement within a company's core business. Most large companies excel at this level, says Gram, because they leverage the core expertise they have built up over many years. "This does not require a lot of intrapreneurship, as the needed competencies and knowledge already exist in the organization," he says.

In the next level, companies go beyond incremental innovation and continuous improvement to apply the capabilities for more radical innovation. Here, innovation is developed not only within a company's existing business but in areas that are radical to the company's core competencies, such as digitization and new technology adoption. Intrapreneurs and ambidextrous leaders can have a significant impact on this level.

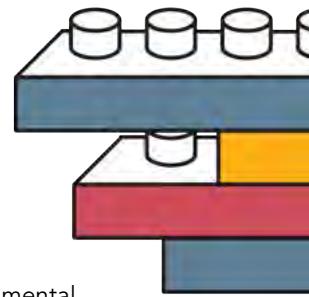
In an intrapreneurial culture, companies provide a sufficient runway and tools that enable individuals to explore new territories in a fast, agile manner without putting the core business or brand at risk.

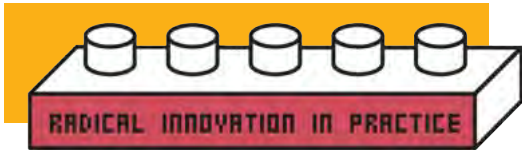
"Intrapreneurs need an environment where they can thrive, pursue their ideas, and solve the problems they face. They create true value within their organization when the culture and infrastructure support their ability to have an impact," Gram says.

In the third level of innovation, a company invests in entirely new ventures outside its core business. This approach is suited to companies in a market or industry being heavily challenged or disrupted, where core business has become irrelevant, or that are seeking to grow through diversification. Innovation usually happens with the launch of or investment in an external startup or legal entity that operates separately from a company's core business.

Balancing multiple entities with different business models is a new frontier for corporate management that requires ambidextrous leaders who can champion the freedom and agility to experiment within their organization while also leveraging the resources of the core business. New innovation initiatives require processes that run faster, offer greater flexibility, and provide different key performance indicators and governance. All this has to be managed effectively alongside the company's current business.

The paradox of being an ambidextrous leader, says Gram, is in balancing the need for your company to be agile and fast in getting products and services to market with the realization that your innovation ventures will probably have a long time horizon. In this way, ambidextrous leaders are like venture capitalists. They have to invest in multiple bets over time, knowing that it could take five to ten years for one of them to mature and hit its growth stride.





In the early 2000s, LEGO needed to redevelop the mission of its business. The company initiated an internal culture change, notes Gram, eventually to support innovation through intrapreneurship. One of the fruits of this internal shift was LEGO's Future Lab (initially called New Business Group before re-naming it Future Lab), which was tasked with "inventing the future of play." Future Lab was given the freedom to explore and experiment while running its innovation projects much like small startups within LEGO.

Unlike LEGO's core business where product launches are big and global, Future Lab was a platform for exploration, collaboration, and learning on a smaller scale. Empowered with the space and tools to change the way LEGO had always done things, the Future Lab team looked at trends that were changing kids' behavior. And the team proposed something radical: They wanted to look at design innovation outside the company.

Over the years, a legion of enthusiastic adult LEGO fans had mushroomed. They built a lot of their own designs made from LEGOs and were selling their creations in online marketplaces like Etsy. The Future Lab team envisioned a platform for vetting LEGO fan ideas. Initially, their plan met with a lot of resistance within the company, recalls Gram. After all, LEGO's designers are among the best in their field, so why should the company look outside for inspiration?

"When you're asking people to change, you're dealing with their natural fear of the unknown. They worry about how this might affect the current business and their position, or even losing their job or being shuttled into an entirely new role," according to Gram.

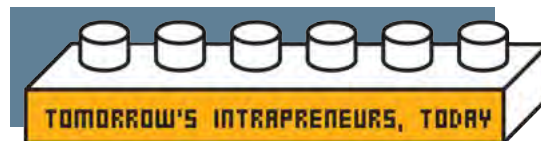
Without putting the existing business or jobs at risk, the Future Lab team wanted to create a community platform for fans to submit their ideas and to validate those ideas, run pilots, and test concerns and assumptions. They knew that not every pilot developed in the lab would be an instant commercial success. So, they would keep operations at startup scale, piloting only ideas that received a minimum of 10,000 fan votes in the community and limiting launches to a handful of new products in selected markets each year. To launch

quickly, the team would focus on the minimum viable product and develop only the key features they needed to validate the user experience.

Initially, the team veered from building its own platform to running a small pilot in Japan on the established crowdsourcing platform called Cuusoo ("wish" in Japanese). The team learned a lot from this partnership.

"With the pilot launch of LEGO Cuusoo, we really understood what the overriding model should be. Not only could we launch the platform very quickly by not building it ourselves but we could figure out how to give back to the community and idea originators, how to solicit and validate ideas efficiently, and how to address other concerns we had in a safe environment," Gram says. "We could quickly iterate and adjust as we went along, learning all we needed to before taking the platform to a bigger scale."

The crowdsourcing platform, renamed LEGO Ideas in 2014, eventually did launch globally and its success continues. Each year, the company test markets three or four new products developed on LEGO Ideas. For instance, the popular Minecraft, Back to the Future, and Ghostbusters LEGO sets sprung from this platform.



In a rapidly changing world where innovation has become a necessity, so has the need for companies to build resilience against disruption and agility to adapt to market changes quickly. Intrapreneurs are the new heroes helping to usher corporations into this changing world, says Gram.

Not everyone in the C-Suite needs to be an ambidextrous leader, but they should be able to hire people with the right innovation and intrapreneurial mindset and skills. Today, this means understanding how to recruit and retain Millennials and Gen Z'ers, the next generation of diplomatic rebels, intrapreneurs, and corporate executives.

"Millennials and Gen Z'ers need to feel part of something bigger. They enjoy autonomy and a sense of ownership in

the workplace. They want to feel and see the direct impact they're making," explains Gram.

Typically, he says, two things happen to intrapreneurs in big companies that aren't prepared to handle the intrapreneurship model: They give up and do as they're told (i.e., fall in step with the status quo) or they burn out and leave. Even Millennials and Gen Z'ers won't buy into intrapreneurship if they perceive they'll get stuck in a bureaucratic silo with zero impact.

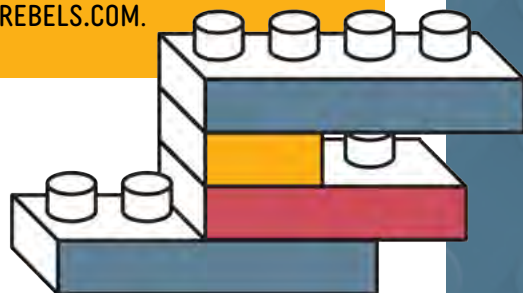
Companies shouldn't try to attract these up-and-comers with partially baked intrapreneurship programs, exaggerated claims of an intrapreneurial culture, or lofty corporate goals that turn out to be little more than "innovation theater."

Authenticity is the best tool a company can use to recruit and retain future intrapreneurs. Once inside your company, they'll need the mentorship of leaders with a clear sense of the company's purpose and direction for innovation long term.

It takes time to shift a company's internal culture. Organizations that make it will be the ones that can move and adapt to market changes nimbly, and the ones that start building a culture of intrapreneurship today.

Take it from a diplomatic rebel who knows.

DAVID GRAM'S EXPERIENCE HAS HELPED HIM DEVELOP UNIQUE INSIGHTS INTO HOW BUSINESSES CAN STAY AFLOAT IN A RAPIDLY CHANGING WORLD AND TRANSFORM INTO CHANGE-LEADING INNOVATORS THROUGH INTRAPRENEURSHIP. HE BELIEVES THAT ANYBODY CAN BECOME AN INNOVATION CHANGE AGENT OR A DIPLOMATIC REBEL WITHIN THEIR ORGANIZATION. FOR MORE INFORMATION VISIT [WWW.DIPLOMATICREBELS.COM](http://WWW.DIPLOMATICREBELS.COM) OR WRITE TO [HALLO@DIPLOMATICREBELS.COM](mailto:HALLO@DIPLOMATICREBELS.COM).



## 5 HABITS OF SUCCESSFUL INTRAPRENEURS

INTRAPRENEURS WHO MAKE THE GREATEST IMPACT SHARE THE FOLLOWING HABITS.

1. ACCEPT RESISTANCE. SOME PEOPLE WILL HATE YOUR PROJECT. REMEMBER, YOU'RE ASKING PEOPLE TO CHANGE, AND MOST PEOPLE DON'T LIKE TO.

2. BREAK ONLY THE RULES THAT YOU UNDERSTAND. INTRAPRENEURS SHOULDN'T JEOPARDIZE AN ORGANIZATION'S CORE BUSINESS. BY UNDERSTANDING WHY RULES ARE IN PLACE, YOU'RE BETTER EQUIPPED TO ASSESS WAYS TO ALTER AND IMPROVE UPON THEM WITHOUT UNDERMINING THE COMPANY'S MISSION.

3. BUILD A TEAM. INTRAPRENEURS ARE A MOVEMENT THAT STEERS AN ORGANIZATION IN A NEW DIRECTION. OPERATING AS STARTUPS, THEIR RESOURCES ARE LIMITED AND THUS NEED HELP FROM INDIVIDUALS THROUGHOUT THE COMPANY'S CORE BUSINESS. BUILDING THIS NETWORK OF SUPPORTERS AND CHAMPIONS IS VITAL.

4. WRITE A LOT OF LOVE LETTERS TO BUILD (AND BUILD UP!) YOUR TEAM. REACH OUT TO PEOPLE YOU RESPECT AND ADMIRE IN THE COMPANY FOR HELP, AND EVEN TO THOSE WHO SEEM TO BE AGAINST YOU, ACKNOWLEDGING WHAT YOU LIKE ABOUT THEM AND HOW THEY WORK. IF YOU ASK FOR HELP, KNOW THAT YOU'RE STANDING ON THE SHOULDERS OF GIANTS TO GET YOUR PEEK INTO THE FUTURE.

5. MAKE OTHER PEOPLE SHINE. THE HEROES OF YOUR INNOVATION PROJECT ARE THE PEOPLE WHO WORK TIRELESSLY TO TAKE IT INTO PILOT, LAUNCH IT, AND SCALE IT—FROM WHATEVER PART OF THE BUSINESS THEY'RE IN. MAKE SURE THAT THEY SHINE, AND THEY'LL COME BACK.