

# Complacency to Hypergrowth

5 Ways to Inject Innovation Into Your Corporation

by [Fred Schonenberg](#) | 3.07.19



In our article, [Complacency to Irrelevance](#), we discussed 5 warning signs predicting your company's impending disruption. The article had a doomsday vibe and with good reason, given all the recent store closings (4,300 announced in the first 2 months of 2019 from Gap, Victoria's Secret and even Tesla) as well as the \$15bn write-down by Kraft Heinz. Without question, innovation can disrupt, but it also can differentiate and spark hypergrowth. In fact, since 2006, the companies perceived to be most innovative grew shareholder value by 237%, outperforming the S&P 500 by 2x. We studied these companies as well as our own clients to identify 5 actionable ways that you can inject innovation into your organization to avoid disruption and jumpstart your growth.

## 1 – Start with Your Business

One of the biggest mistake companies make is chasing cool. Starting with the tech. Start with your own business. What business challenge is right in front of you? Is it to sell more beer in convenience stores? Figure out how to begin a direct relationship with your consumers? Bring down your supply chain costs? Start with the business and the challenges you need to overcome. Then, seek out innovative solutions that can solve for these challenges. Startups begin because someone sees a problem, a gap, that they can solve. With over 100 million startups launching every year, someone is out there solving your problem and finding them will give you an unfair competitive advantage. Also, by focusing on your business, you will naturally align your timing and clarify the results you are seeking. Timing alignments and clear results are two of the biggest complaints startups have when they work with brands. They feel they test in a vacuum unrelated to business results, so their pilot will never scale.

## **2 – Focus on Your Own Growth**

You are not a VC firm. You are not an Accelerator. You are not a Startup. You are marketers. You are sellers. You are an innovator in your own right, but you work for a business. A great business. Embrace it. Start there. Don't feel like you need become a startup mentor, launch some multi-year incubator/accelerator or learn corporate venturing. Your job is to drive growth of your business, not grow the startup. The good news is the startup can help you drive growth, and by doing so, will drive their own growth. A partnership with you can be worth 10x the value they might receive from a program, as your logo and case study indicate traction to investors and future clients. So, don't feel obligated to become Willy Wonka to the startup community. No offense, but they don't want your mentorship – they want your business.

## **3 – Create a 10% Culture Without Losing 10%+ of the Time**

The famous 70-20-10 philosophy is great. 70% of your budget goes to Now. 20% goes to New. 10% to Next. It's a great formula. Interestingly, the time needed for each stage is inverted. Now, aka proven channels, takes the least time, New slightly more and Next...well, Next is awfully complicated and messy. So, what do you think your team and, more dramatically, your agencies spend their time on? Everything but Next. It's too hard. [Begin shameless plug] This is why you need an independent partner to come in and make this easy for your team. Source the best solutions for your team to consider and then handle the execution. If you can move the time investment in Next back into 10% of your team's time – you start to enable a scalable innovation framework.

To that end, once you have a cadence down to inject this 10% next, it applies to every aspect of your business. If you can improve HR by 10%, your supply chain by 10%, your marketing dollars, your creative investments... wouldn't that deliver spectacular results across the entire organization?

## **4 – Partner Earlier and Faster, Save a Few \$100m**

When you see the staggering acquisition prices established companies pay for startups, it makes you want to...well, it makes you want to go start a startup. Take a look at these acquisition costs:

- \$500m Shipt to Target
- \$600m RXBAR to Kellogg's
- \$1bn Dollar Shave Club to Unilever
- \$16bn Flipkart to Walmart (acquired 77 percent)
- \$1bn Ring to Amazon

“Big brands lost share to small brands in 42 of the top 54 most relevant food categories in the past five years,” cited research by the investment bank, Jefferies. But what if these established companies had reached out to work with these startups at their earliest stages? I am not suggesting an angel investment strategy, I mean looking for ways to become a client of these companies early. You help them grow, but now you aren't Goliath, you are Shrek. You are their big ally and they will help you navigate these new waters without a monster investment, you can pilot your way to mutual growth.

Also, move faster. You don't need to take 18 months to work with a startup. Align it to your next initiative, find something, pilot. 6 months. You can do it. We do it with the largest corporations in the world – the key is to focus on your business not some elaborate internal process.

## 5 – Source Beyond The Obvious

You went to CES and spent 2 hours walking through the flea-market like startup zone. You went out to Silicon Valley to hear a pitch day from a well-known VC. Maybe you even rented a desk out there. You are good right? No. You are an innovation tourist. Put away the fanny pack. Less than .01% of founders engage VCs, Incubators or Accelerators at **any** point. Innovation no longer has borders. The barriers to start a company have dropped to the point that anyone, anywhere can see a gap in the marketplace and create an ingenious solution. In fact, when VentureFuel analyzed our 100+ corporate/startup partnerships, over 80% had founders based outside of Silicon Valley. The good news is, you don't need to sit through endless pitch sessions, hoping 1 in 10 is relevant. That can all be curated for you, so your team can see the best around the world, that pertains to solving your business problems.

The word innovation is nausea-inducing to most executives. It conjures feelings of wasted bets, high risk and a lack of tangible results. For many, it means dramatic cost centers, that might have some PR value, but are mostly a distraction from the core business. Some staggering numbers:

- 54% of corporate accelerators/incubators close within 3 years
- Corporates spend \$2-5m on internal corporate innovation initiatives per year
- Less than 25% of pilots lead to a second scale up program
- Less than 50% of corporate incubators/accelerators deliver on strategic goals
- 77% of meetings with startups are a waste of time/ill-matched with corporate objectives

Most diets fail too. Why? They are extreme. They are fad chasing and disruptive to your normal, sustainable routine. Amazingly, at some point you realize that several small changes start to make big differences. Often the hardest part is starting, but once you make one change, it naturally leads to other improvements. The same is true with innovation. Once you see results with a quick pilot, you want to apply the framework to other parts of your business. And all of a sudden, your hypergrowth seems overnight and sudden, when really it was simple and non-disruptive.

So, what should you do now? You need to inject innovation throughout your organization, without disrupting your core business objectives. We can help you source the best global startups and new technologies to turn your 10% into a growth engine. Early stage companies and new technologies can work to fuel your business growth. [Email us](#) to set up a free 20-minute call.

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