

# Opening Session – Innovation Mindset

Torben Rankine & Carlos Oliveira



EDP Innovation  
Immersion Program

**LEADERSHIP**  
BUSINESS CONSULTING





# WELCOME TO

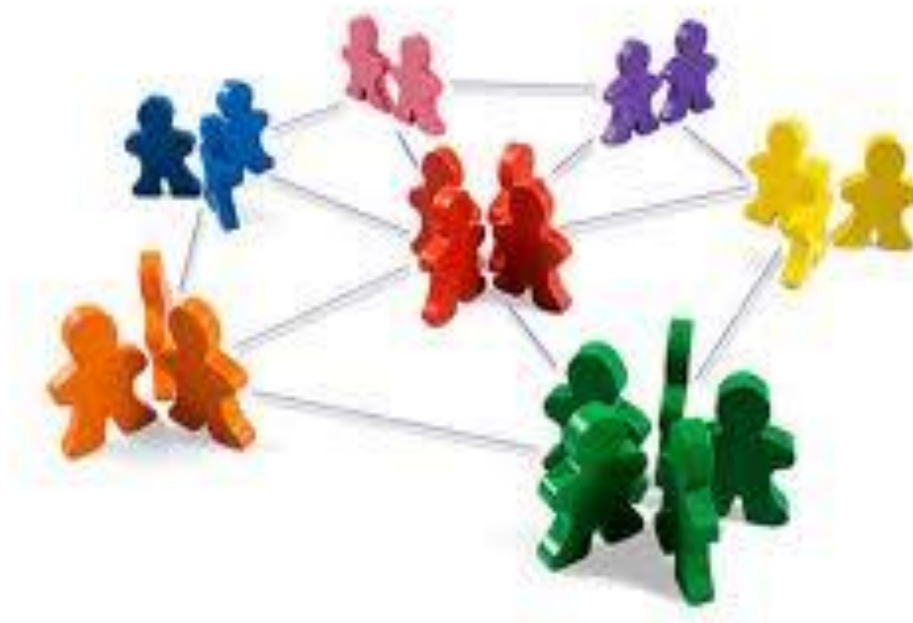


# CALIFORNIA REPUBLIC



# Intros

2 Minutes:



- Name & Position
- 3 main objectives for this program



# Discovery questions:

1. What is the most challenging aspect of your business area today?  
Why?
2. If you had the opportunity (and unlimited resources) how would you address these challenges?
3. What innovations will change your business in the short or long term?
4. What are your 3 main objectives for this program?

# Time is ever shorter

The average longevity of companies in the S&P 500 fell from 61 years in 1958 to 15 years in 2015. At this rate, 75% of the current company in the S&P will be displaced by 2027.



## S&P 500 Churn Over the Past Decade

Sample companies that have entered and exited the index since 2002

### Entered the index:



### Exited the index:





# What words do you associate with Innovation?

**Breakthrough**

**Trial**

**Success**

**Error**

**Disruption**

**Learning**

# Innovation management is like...



**Asset Management**

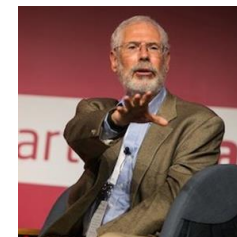
## What you will hear over the next 2 days?



### **Alberto Savoia** **Pretotyping**

**Building the Right IT  
before you build IT right**

**Tool Kit / Metrics**

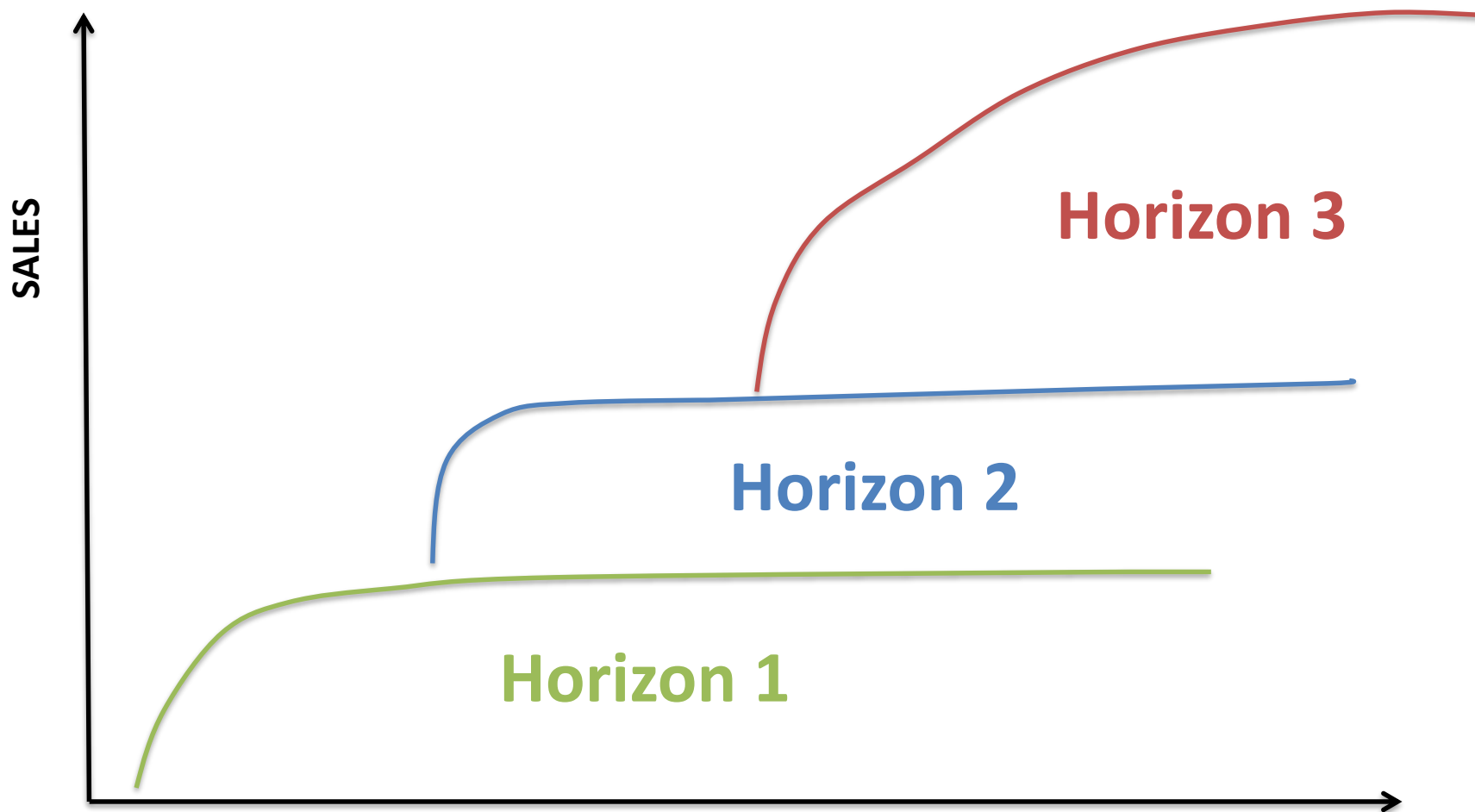


### **Steve Blank** **3 Horizons**

**Strategic Innovation  
Culture & Management**

**Strategy**

# Three Horizons of Innovation



Source: Baghai, Coley, White

TIME



# Three Horizons of Innovation

Horizon 1

Horizon 2

Horizon 3



# Type of Business

Horizon 1

Horizon 2

Horizon 3

Mature Business



# Type of Business

Horizon 1

Mature Business

Horizon 2

Rapidly Growing Business

Horizon 3



# Type of Business

Horizon 1

**Mature Business**

Horizon 2

**Rapidly Growing Business**

Horizon 3

**Emerging Business**

# Knowledge about the Problem and Solution

## Horizon 1

## Horizon 2

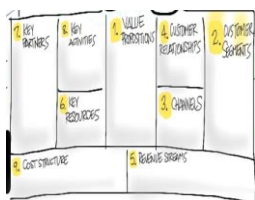
## Horizon 3

Mature Business

Rapidly Growing Business

Emerging Business

Known

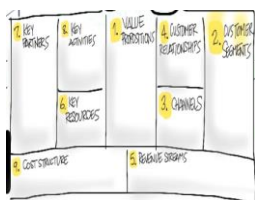


# Knowledge about the Problem and Solution

## Horizon 1

Mature Business

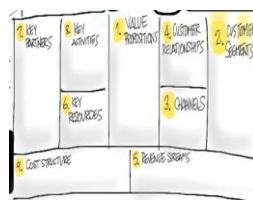
Known



## Horizon 2

Rapidly Growing Business

Partially Known



## Horizon 3

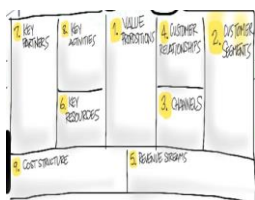
Emerging Business

# Knowledge about the Problem and Solution

## Horizon 1

Mature Business

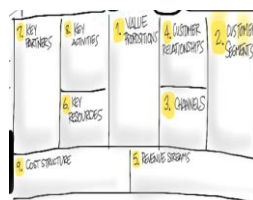
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## Horizon 2

Rapidly Growing Business

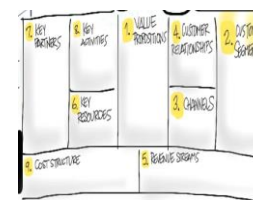
Partially Known



## Horizon 3

Emerging Business

Unknown

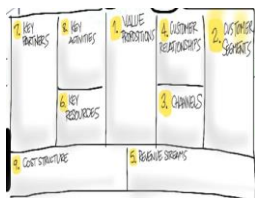


# What the Innovation does to the Business Model

## Horizon 1

Mature Business

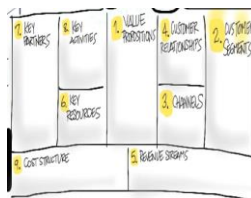
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## Horizon 2

Rapidly Growing Business

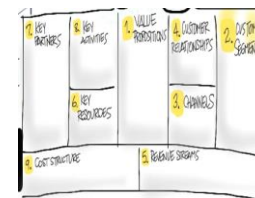
Partially Known



## Horizon 3

Emerging Business

Unknown



Executes Business Model

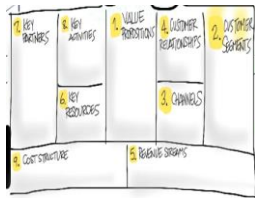
Existing Business Model:  
Process Innovation

# What the Innovation does to the Business Model

## Horizon 1

Mature Business

Known



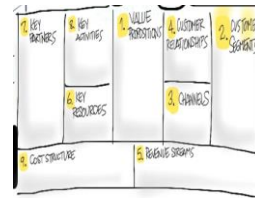
Executes Business Model

Existing Business Model:  
Process Innovation

## Horizon 2

Rapidly Growing Business

Partially Known



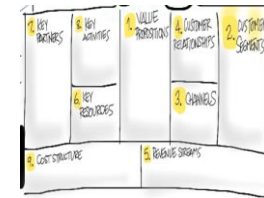
Extends Business Model

New Opportunities via  
Business Model Innovation

## Horizon 3

Emerging Business

Unknown

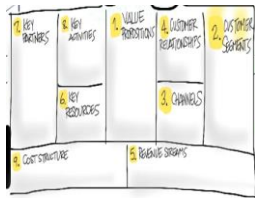


# What the Innovation does to the Business Model

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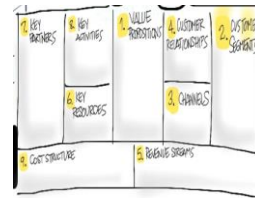
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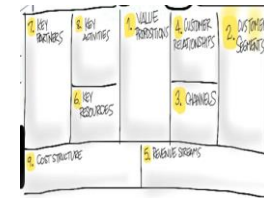
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## Horizon 3

Emerging Business

Unknown



Searches Business Model

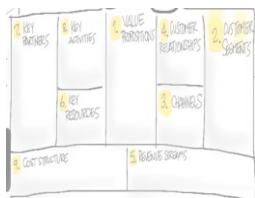
New/Disruptive Business  
Model

# Risk of Innovating

## Horizon 1

Mature Business

Known



Executes Business Model

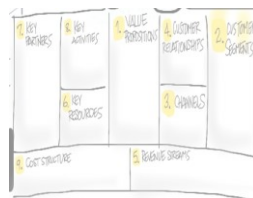
Existing Business Model:  
Process Innovation

Existing Capabilities  
Low Risk

## Horizon 2

Rapidly Growing Business

Partially Known



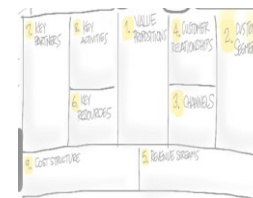
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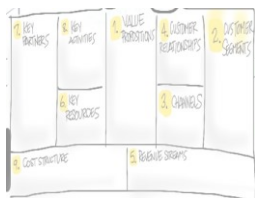
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# Risk of Innovating

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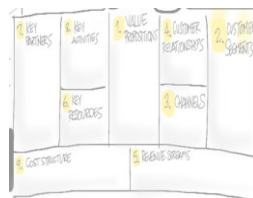
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Existing Capabilities  
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## Horizon 2

Rapidly Growing Business

Partially Known



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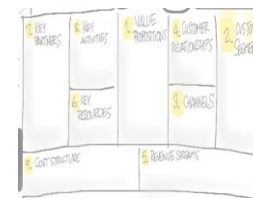
New Opportunities via  
Business Model Innovation

Some Capabilities  
Moderate Risk

## Horizon 3

Emerging Business

Unknown



Searches Business Model

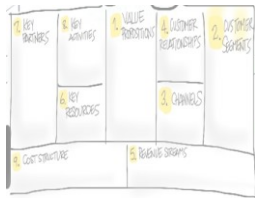
New/Disruptive Business  
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# Risk of Innovating

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Mature Business

Known



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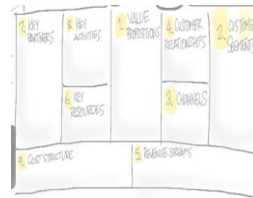
Existing Business Model:  
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## Horizon 2

Rapidly Growing Business

Partially Known



Extends Business Model

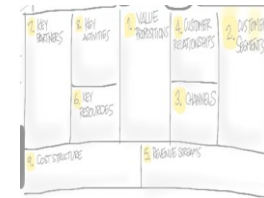
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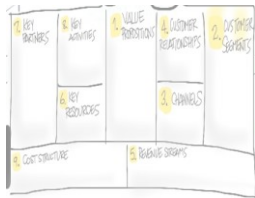
New Capabilities  
High Risk

# Innovation Allocation

## Horizon 1

Mature Business

Known



Executes Business Model

Existing Business Model:  
Process Innovation

Existing Capabilities  
Low Risk

60-70% of allocation

## Horizon 2

Rapidly Growing Business

Partially Known



Extends Business Model

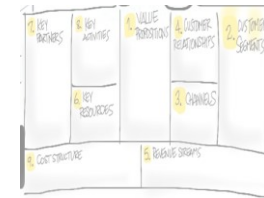
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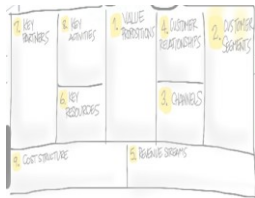
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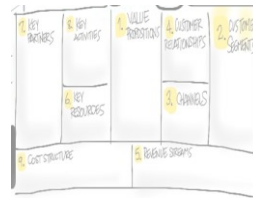
Low Risk

60-70% of allocation

## Horizon 2

Rapidly Growing Business

Partially Known



Extends Business Model

New Opportunities via  
Business Model Innovation

Some Capabilities

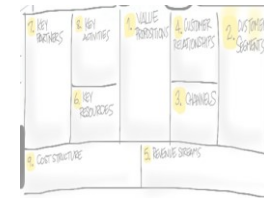
Moderate Risk

20-30% of allocation

## Horizon 3

Emerging Business

Unknown



Searches Business Model

New/Disruptive Business  
Model

New Capabilities

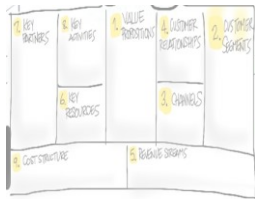
High Risk

# Innovation Allocation

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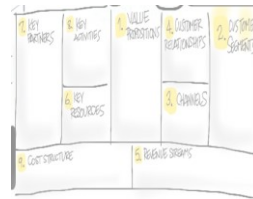
Existing Capabilities  
Low Risk

60-70% of allocation

## Horizon 2

Rapidly Growing Business

Partially Known



Extends Business Model

New Opportunities via  
Business Model Innovation

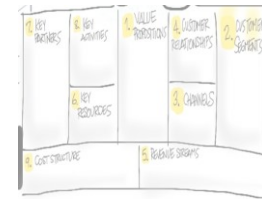
Some Capabilities  
Moderate Risk

20-30% of allocation

## Horizon 3

Emerging Business

Unknown



Searches Business Model

New/Disruptive Business  
Model

New Capabilities  
High Risk

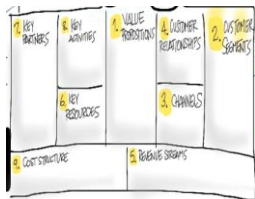
5-10% of allocation

# Three Horizons of Innovation

## Horizon 1

**Mature Business**

**Known**



**Executes Business Model**

**Existing Business Model:  
Process Innovation**

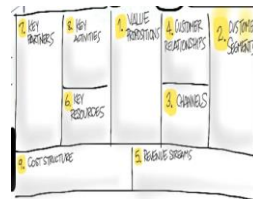
**Existing Capabilities  
Low Risk**

**60-70% of allocation**

## Horizon 2

**Rapidly Growing Business**

**Partially Known**



**Extends Business Model**

**New Opportunities via  
Business Model Innovation**

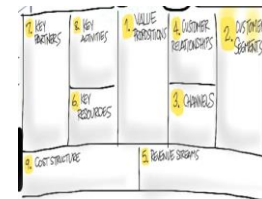
**Some Capabilities  
Moderate Risk**

**20-30% of allocation**

## Horizon 3

**Emerging Business**

**Unknown**



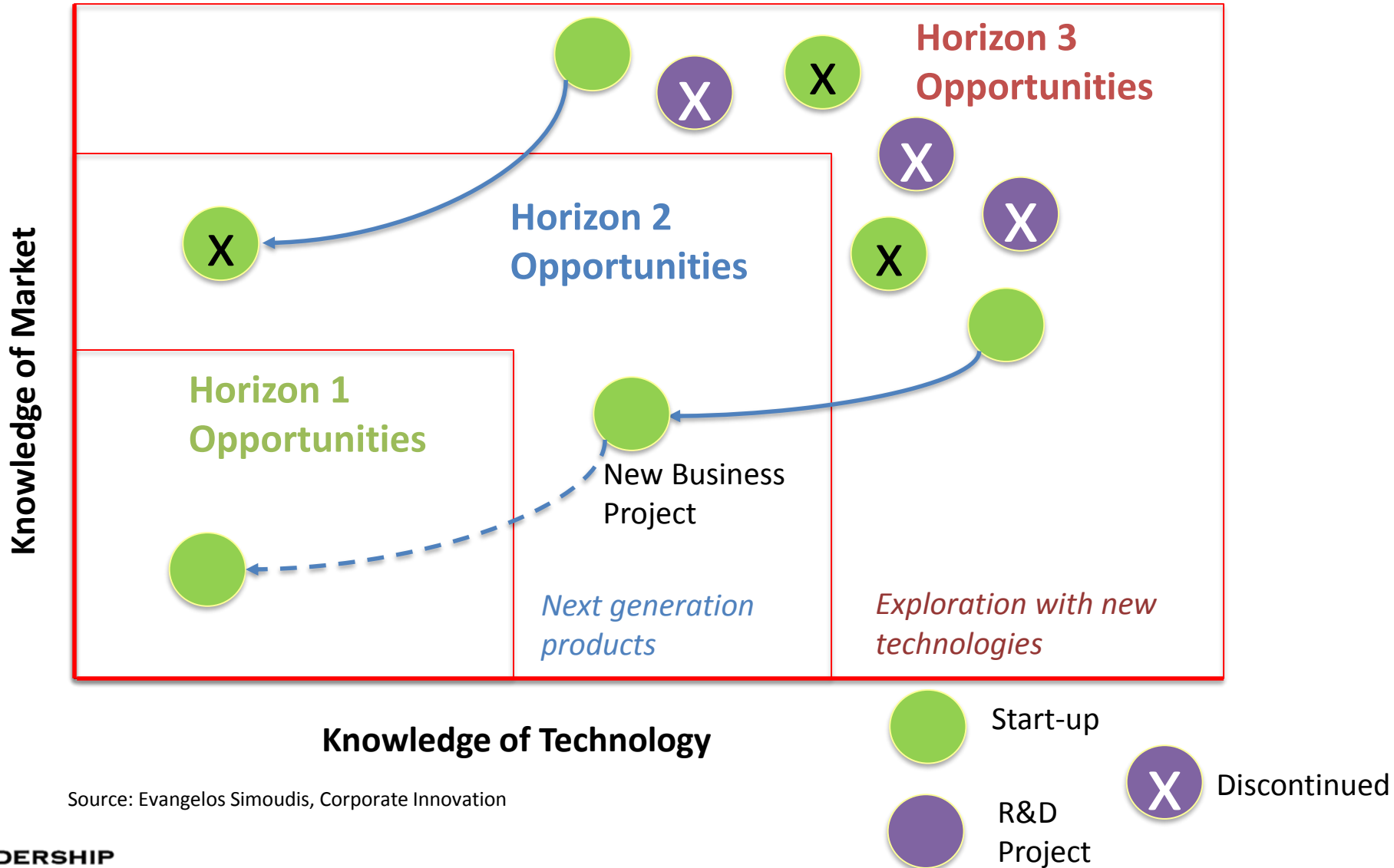
**Searches Business Model**

**New/Disruptive Business  
Model**

**New Capabilities  
High Risk**

**5-10% of allocation**

# Managing 3 Horizons



Source: Evangelos Simoudis, Corporate Innovation



# Thought for the week

- **Ability to become an Ambidextrous organization**

**Continuously executing on Horizon 1 business/business models while continuously innovating across the 3 horizons**

# Intrapreneurs are (Good) Rebels

## Bad Rebels

Break Rules

Complain

Assertions

Me-focused

Anger

Pessimist

Energy-sapping

Alienate

Problems

Vocalize Problems

Worry that

Point Fingers

Doubt

Social Loner

## Good Rebels

Change Rules

Create

Questions

Mission-focused

Passion

Optimist

Energy-generating

Attract

Possibilities

Socialize Opportunities

Wonder if

Pinpoint Causes

Believe

Social



## **Innovation at Adobe**

**<https://www.youtube.com/watch?v=Vy3696XvAps>**

**Not failing enough (Adobe) = not being BOLD enough**

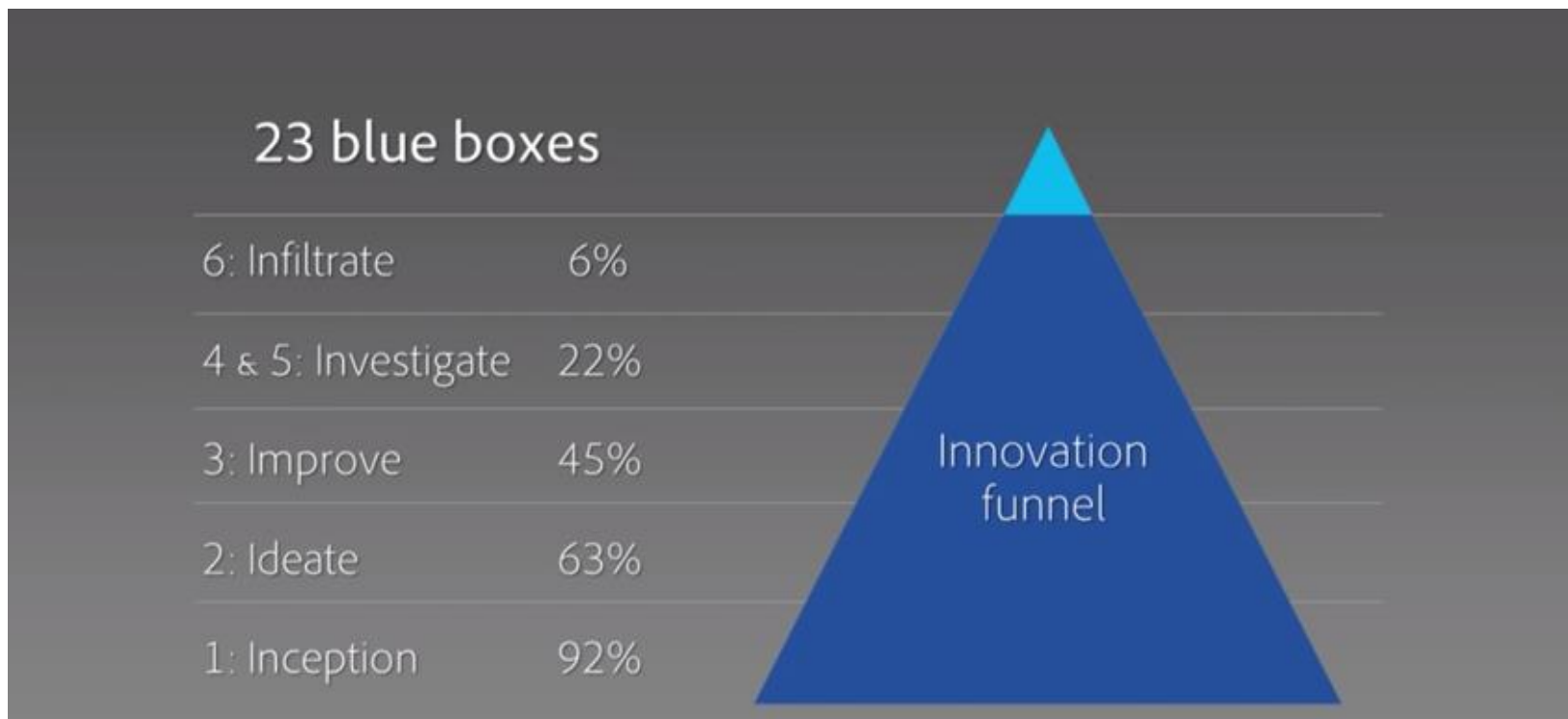
**Building a process and motivating the base**

**Ask for Forgiveness, not Permission**

**Seek feedback – accretive (because, and, but, etc..)**

**Pitch the business case**

## Innovation at Adobe: 6 step process Results



# What I feel in Silicon Valley

