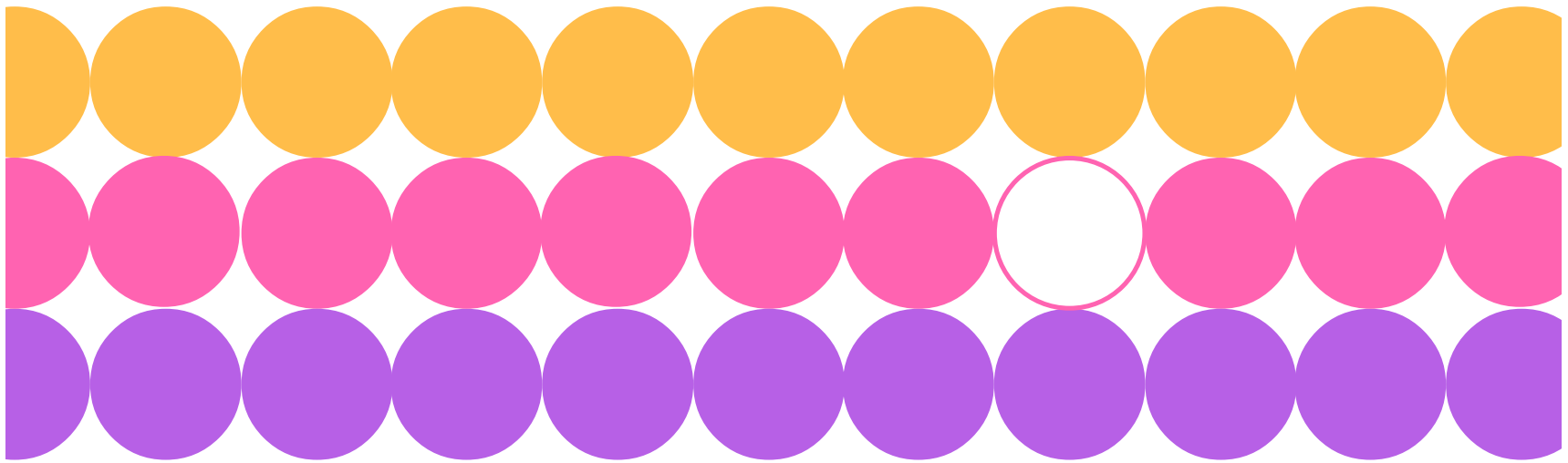


Pursuing Whitespace Opportunities

A New Framework for Companies to
Go Beyond their Core



White Paper

A Research Working Group Study
Hosted by the Industrial Research Institute



Pursuing Whitespace Opportunities

Overview

In graphic arts, whitespace is characterized as negative space. It functions as an important design element, framing adjacent objects and bringing coherence. Whitespace also represents unused capacity---to be filled with something of value, be it on an artistic canvas or, in the corporate world, an innovation canvas.

There are numerous approaches to conventional innovation activities, but the field lacks a framework for whitespace opportunity pursuit. A research team consisting of innovation practitioners set out to understand how organizations pursue whitespace opportunities and to develop such a framework. We limited our scope to actions companies take (i.e. allocate resources, time and attention) once a decision has been made to pursue a whitespace opportunity. Our study focused on how companies organize and operate to pursue a whitespace opportunity, and how these actions and behaviors contribute to (or impede) the journey as well as the outcomes.

“White space provides a location for new thinking, testing and learning.”
Companies use the white space to evolve new formulae for business success free from the existing “defend and extend” culture.”

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(Hartung, 2010)

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Research on Research

This project was part of IRI's slate of research working groups from 2013-2015 and reported out at the 2015 Member Summit in Chicago, IL. Video of their report:

<http://ow.ly/3vVp306S1HC>

Motivation for Pursuit

While the related question of how and why companies decide to pursue a specific whitespace opportunity is outside the scope of this work, there is today a widespread belief among corporate leadership that it is not enough to just continue on in the businesses that you are currently in, no matter how successful these businesses are. To ensure long-term viability, it is imperative that companies explore whitespaces for new opportunities.


What motivates companies to undertake whitespace initiatives? In our research, whitespace opportunity pursuit was either a specific corporate strategy, or a decision by executive leadership. The following are among the many reasons:

- Addressing a growth gap
- Hedging the future – creating options
- Keeping up with what others are doing – the speed of global competition
- Understanding that there are opportunities that current businesses are not addressing
- Seeking breakthroughs


Which of these motivations is the most influential most likely depends on company circumstances and is a good area for future research.

Toward a Framework for Pursuit

Given that whitespace opportunities are, by definition, outside a company's "core" and, when a company strays from its core, it is less successful (Zook & Allen, 2001), this activity presents innovation leaders and practitioners with uncertainty and risk, and causes a significant degree of organizational discomfort. While the search for whitespace opportunities is a near-universal activity of large corporations, it is not universally successful.



*In a Harvard Business Review article in March, 2001, the authors describe "whitespace" as an area within a company where the existing corporate culture does not apply... **whitespace exists in all companies** ... where rules are vague, authority is fuzzy, budgets are nonexistent, and strategy is unclear.*
(Nohria & Maletz, 2001)



The research identified specific cultural and structural dimensions and factors that influence, in both positive and negative ways, companies' pursuit of whitespace opportunities. Structural dimensions include funding, process, and organization. Cultural dimensions include leadership, people, and competency. For each dimension, the research identified specific factors that enhance whitespace pursuit efforts (catalysts) and other factors that impede these efforts (barriers). Every case studied, no matter the outcome, had both catalyzing and barrier factors. This fact highlights the complexity of whitespace pursuit activities and provides insights into how to improve the process.

While the dimensions and factors identified in this article are not new, their formulation into a comprehensive framework is novel. We believe this framework can serve as an initial guide for whitespace opportunity pursuit.

Whitespace Opportunity Definition

The term "whitespace" is easily recognizable but does not have a universally accepted definition. For this study, we let the individuals interviewed define, in their own terms, what a whitespace is for them and their companies. This deliberate approach allowed us the freedom to explore multiple facets of the term.

Individuals interviewed provided diverse responses regarding their definition of a whitespace, and the following statement captures their essence:

*"A whitespace is something that fits our core **mission** but doesn't fit our core **business**."*


This gets at the concept that a whitespace lies outside a company's "normal" business but is something the company can envision itself doing. It is something the existing businesses may not be paying attention to, but should be. A whitespace opportunity may not quite fit an existing business unit's strategy or near-term priorities, but it could have significant long-term impact and may, in fact, lead to an entirely new business and/or an unanticipated source of growth.

The following operational definition frames the discussion of whitespace opportunity pursuit:


A whitespace is an area that is important for the company's future but which existing businesses are unable or unwilling to pay attention to or invest resources in.

This contextualized definition is important. What specifically constitutes a whitespace will be different for every company, but the definition above held true for all of the companies interviewed.

While a whitespace is a general area outside of a company's current business, an **opportunity** within a whitespace is a specific product or service offering with its own business model. A whitespace may have many opportunities that could be pursued, although the processes of discovery and selection were outside the scope of this research.



*Mark Johnson discusses white space within the business unit, white space between business units, and white space beyond existing customers and products. It is white space which allows cross-functional thinking and collaboration by virtue of the fact that **whitespace lies outside the corporate operating norms**, and is therefore by definition a space of freedom, safety for managers, teams, and ultimately, creativity. (Lafley & Johnson, 2010)*



Study Methodology

The authors gathered information about whitespace pursuit from four sources:

- Literature survey
- Extended interviews of seventeen individuals from fifteen large companies (both IRI and non-IRI members) who are, or have been, heavily engaged in whitespace activities
- Responses from 28 large companies to a targeted survey
- Discussion sessions held at IRI working group meetings

Interviews with individuals at large companies who have been, and in many cases still are, leading whitespace pursuit efforts within their companies proved the richest source of information.

During interviews, individuals were asked to identify at least one whitespace opportunity and discuss the details of how the opportunity was pursued and the outcome. Interviews were conducted using contextual interviewing techniques. The discussion themes and topics were developed by the research team and used to direct the open-ended conversations. These guided conversations elucidated a broad range of details. The areas that were explored in the contextual interviews by the research team were: strategy, leadership, culture, organizational structure, communication, organizational competencies (technical and commercial), funding mechanisms, resource allocation, process and project mechanisms, metrics, accountabilities and incentives, decision dynamics, team makeup, employee motivation and mindset, and outcomes.

In addition to one-on-one interviews, the research team also conducted two workshops, held during IRI conferences, to discuss whitespace pursuit. An additional 20 people attended and contributed to discussions at these workshops.

All interviews and discussions were transcribed and transferred to mind-maps, which captured key statements in the form of "snippets" – phrases and sentences that form a cohesive concept. This process resulted in over 200 coded and extracted snippets, which were then categorized.

The research team used the snippets to create a pursuit framework, a set of dimensions and factors that influenced outcomes of whitespace pursuit efforts. The factors were then assessed for their contribution to positive outcomes (catalysts) or negative outcomes (barriers). These correlations indicate specific actions companies can take to improve the effectiveness of their whitespace pursuit efforts.

Next, the pursuit framework was used to construct a follow-up survey given to a broader audience to test and confirm key characteristics of successful whitespace efforts. The survey results were used to validate the dimensions and factors and to indicate the relative importance of each factor and the frequency of various outcomes.

Study Results

Twenty-eight companies participated the survey. **Chart 1** shows how often companies undertake whitespace pursuit efforts. It turns out that the majority of companies undertake these efforts occasionally, when there is a compelling reason to do so. Reasons can be as varied as a passionate champion emerging, a new technological breakthrough, or an executive who has an idea. Whatever the motivation, these "grassroots" efforts (even when they are initiated by an executive) are undertaken serendipitously and sporadically, and are very dependent on business cycles.

Other companies (approximately 25% of respondents) make whitespace efforts a key component of their innovation strategy and keep at it continuously, independently of business cycles. This study did not have enough data to determine if there was any significant correlation between the frequency and timing of whitespace pursuit efforts and their success but this seems like a plausible hypothesis that could be tested.

Chart 2 shows perceived distance from the core. Survey respondents indicated that they want new opportunities to be some distance from their core businesses -- but not too far.

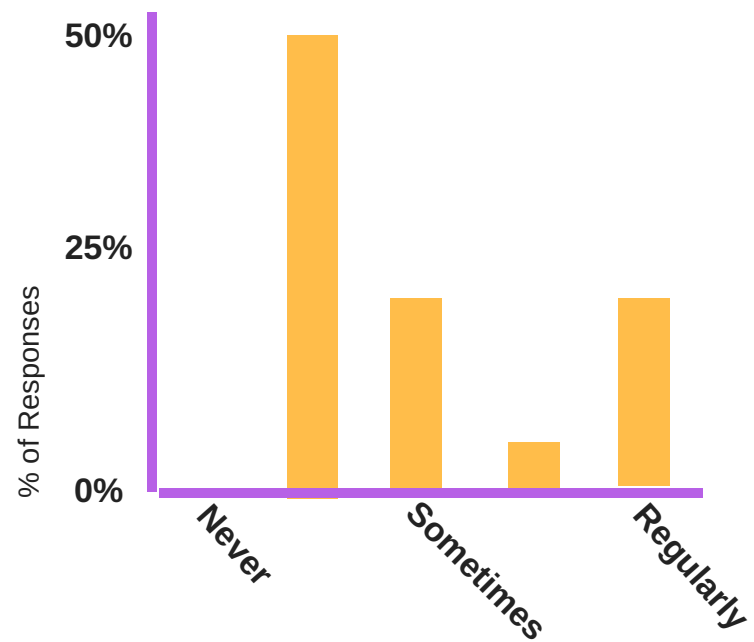


Chart 1: How often are efforts undertaken?

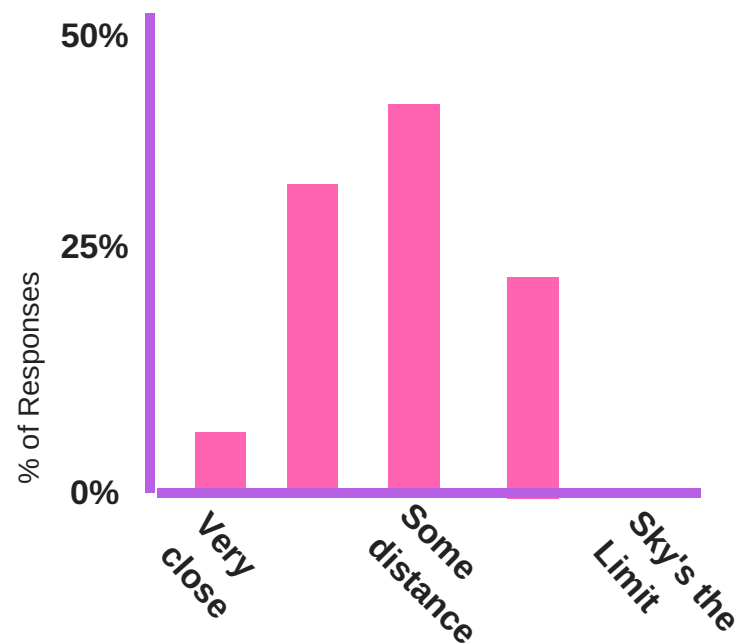


Chart 2: How far from the core?

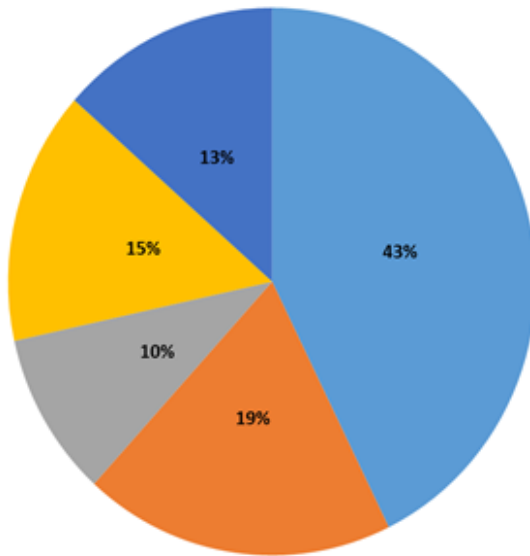


Chart 3: Outcomes of Projects

- Integrated into BU
- Becomes Own BU
- Spun Off, JV
- Put On a Shelf
- Licensed

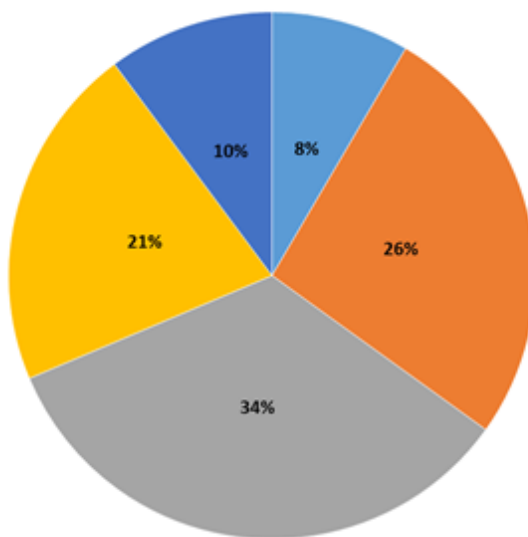


Chart 4: Success of Projects

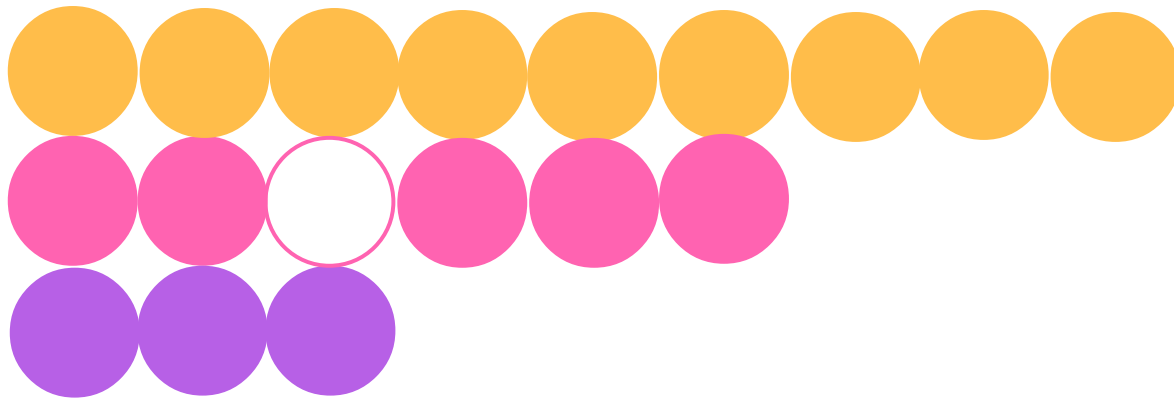
- Successful Beyond Expectations
- Successful as Expected
- Not What Expected, but OK
- A Disappointment
- An Abject Failure

Chart 3 shows the percentage of various outcomes of whitespace pursuit efforts as reported by survey respondents. By far the most common outcome is to have one of the company's existing business units "absorb" the new opportunity. Some companies won't even consider pursuing a whitespace opportunity unless it will eventually fit into an existing business. Even though the most likely outcomes are for a new opportunity to be integrated into an existing business unit, or become its own business unit, there are significant challenges to doing this successfully. When not done well, a new opportunity can fizzle once taken over by an existing business unit. Scaling an opportunity to become its own business unit creates its own set of issues as it starts out much smaller than existing businesses.

Chart 4 shows the success rate as judged by respondents, who defined success in their own terms. Respondents indicated that only 34% of whitespace projects met or exceeded company expectations. On the other end, 31% of projects had disappointing results or failed. One question the survey did not address is whether these failures and disappointments resulted from the opportunity itself or from how the opportunity was pursued.

Chart 5 shows what survey respondents believe are the most important factors in successful whitespace pursuit efforts. The results given are relative (i.e. no one thought having good outside partners was not important). Clearly, the "people" part of the equation was deemed to be critical.





Discussion

Research results revealed common themes and patterns directly affecting whitespace pursuit efforts. These themes and patterns were synthesized into six distinct dimensions, with each dimension having several catalyzing factors and several barrier factors. This set of dimensions and factors forms the whitespace pursuit framework discussed below. We believe the framework offers a number of important insights for practitioners.

Are Whitespace Opportunities Different?

Whitespace opportunities are inherently different from other types of opportunities companies routinely pursue, and our research validated this. All individuals interviewed indicated their companies distinguished between whitespace opportunities and incremental or sustaining opportunities, readily handled by the business units themselves.

Whitespace pursuit opportunities were found to be fundamentally different from "typical" innovation efforts given the following whitespace characteristics:

- Higher degree of uncertainty (and risk)
- More learning required
- New competencies and relationships required
- Longer time-frames
- More complexity (relationships needed)
- Different funding mechanisms
- Different economic returns (especially initially)
- Greater internal conflict
- New business models
- Different types of people needed

These whitespace characteristics pose problems for companies and necessitate a different approach. In fact, not recognizing the specific requirements of whitespace pursuit is a barrier for companies.

Cargill Example

Cargill's Safelane Road Surface Overlay

A well respected and connected individual had been given the mandate to find something new.

The team quickly identified a critical problem (road infrastructure corrosion) and potential technologies (licensing opportunities from research institutions) but lacked the business model and plan to insure a successful business.

Because the offering was so new and different, the evaluation of the technology, market, commercial channels, operations, supply chain and technical service were highly uncertain.

It required a team leader who was highly respected and connected within the organization and who could manage the inherent ambiguity and the stakeholder's expectations.

The new initiative was treated as a start-up and project planning was key to managing stakeholders and their expectations.

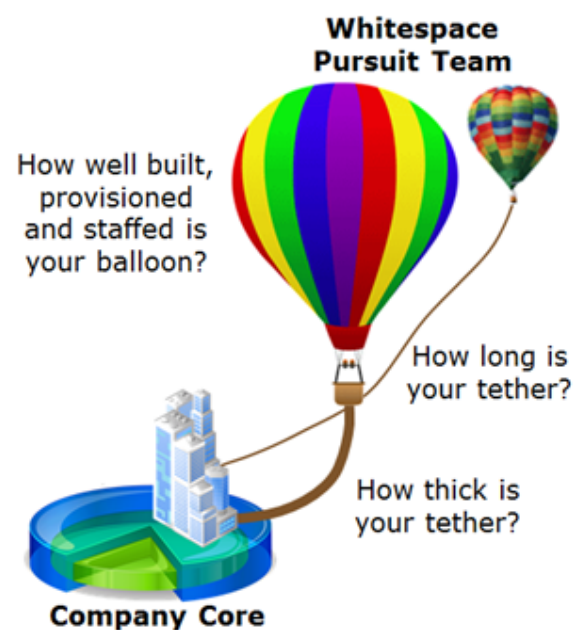
Lesson: Managing stakeholder's expectations is critically important. The project sponsors need to be able to deal with the inherent ambiguity of the early business.

Distance from the Core - The Tether Metaphor

Central to the discussion of whitespace opportunities is the concept of "distance from the core." This concept was explored in the interviews conducted and, as noted by others (Caudillo, Houben, & Noor, 2015), is important to understanding both the character of a whitespace and how the company pursues an opportunity within it.

There is consensus among the people interviewed and surveyed that a whitespace needs to lie outside the company's current business boundaries, but it cannot lie too far from the core. But "core" and "distance" are ambiguous terms, even to individuals involved in whitespace pursuit.

Figure 1 - The Tether Metaphor



For the purposes of this study, the concepts of core and distance were left to participants' interpretation. Common aspects of a company's core, according to participants, include:

- Technology knowledge and expertise
- Markets served
- Development practices and partners
- Customer relationships
- Channel
- Brand
- Supply chain
- Production partners
- Strategy
- Business Models
- Cultural norms
- Operational practices

Different companies have different concepts of what constitutes their core and distance from the core. A common denominator for all whitespace opportunities is that the company needs to relax some of the normal constraints it imposes on more conventional opportunities. Different whitespace opportunities may require different sets of core element constraints to be relaxed, but, based on statements made by the people interviewed, it is not wise to relax too many constraints at once.

In some cases, the research findings indicate that a company needs a clear understanding of its core and also have a clear understanding about which core element constraints are being relaxed and why. This research did not, however, find evidence that this is a widespread practice.



“Projects that are tied to the core are more easily moved along while ones far away are more difficult.”

“The core business is a well-oiled machine, and it’s easy to shoot holes in anything that is outside the core.”

– Project Interviewees



One useful way to think of a company's core and how to pursue whitespace opportunities is to use a metaphor of a balloon anchored to the core business by a tether. The balloon represents the efforts a company makes to explore and pursue a new whitespace. How well the balloon is constructed, provisioned, and staffed is representative of the resources and the degree of rigor and formality a company puts into its whitespace efforts. The tether represents the balloon's connection to the company's core. The length of the tether represents how far a company is willing to let its whitespace pursuit efforts stray from the core business. The thickness of the tether represents the pursuit team's connections to the company's other businesses.

Based on this research, there is no one "right" answer to how your balloon-tether system is designed. Different companies have different cultures and structures that will determine the best 'balloon and tether' system for them. But the balloon must be sufficiently well constructed and provisioned, and the tether should be designed to allow the pursuit team the ability to successfully operate in the whitespaces they are pursuing.

Whitespace Pursuit Framework

Our analysis resulted in a framework with three cultural dimensions and three structural dimensions. Together, the six key dimensions characterize whitespace opportunity pursuit. Numerous factors within these dimensions either propel (catalysts) or impede (barriers) progress. **Figure 2** shows the six dimensions.

For each of these dimensions, there are beliefs, activities, and behaviors that can, on one side of the dimension, help with progress (Catalyzing factors) or, on the other side of the dimension, impede progress (Barrier factors).

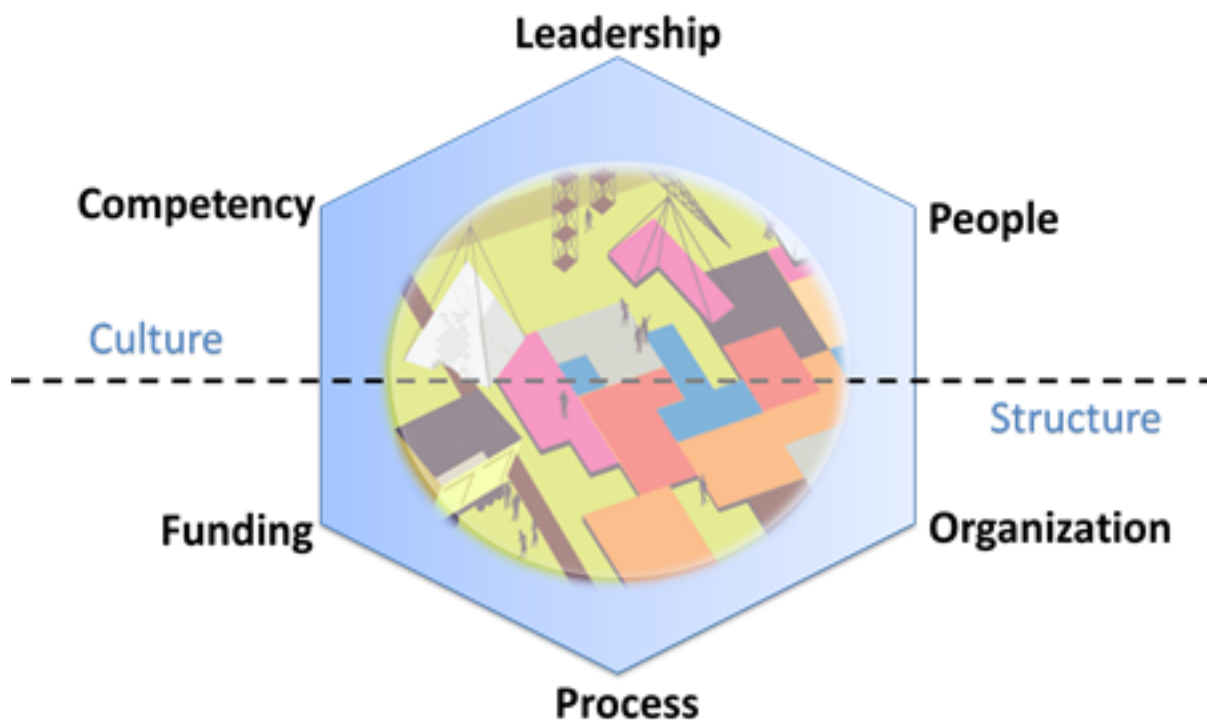


Figure 2 - Whitespace Pursuit Framework

Cultural Dimensions

Cultural dimensions relate to mindset, attitude, and tacit rules, typically difficult for a company to articulate, much less change. These dimensions include Leadership, People, and Competency.

1. Leadership

Leadership refers to the importance of top-level support. Leadership can catalyze opportunities by providing strategic clarity and executive cover to allow new projects to progress. A key behavior of leadership that emerged in the interviews was ambidexterity (O'Reilly III & Tushman, 2004), that is, the ability to have two mindsets and the ability to switch, when necessary, between an efficiency, operational excellence mindset and an experimental, ambiguity-management mindset. Examples of this ambidextrous capability include asking for proof vs. tolerating uncertainty, requiring specificity vs. recognizing complexity, and judging outcomes vs. perceiving possibilities. Based on the research conducted, companies need to tolerate ambiguity for successful whitespace pursuit, and leaders who can manage ambiguity should be selected to lead these efforts.

Leadership also acts as a barrier to whitespace opportunities. Examples include executive turnover and leaders who are concerned about managing the cannibalization of existing product lines, who resist change, and who punish others when opportunities do not achieve commercial success at scale (one expected outcome in these cases).

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2. People

The research found that individuals who act as catalysts for whitespace opportunities possess an experimental mindset and a number of other characteristics:

- ambidextrous approach
- future vision and orientation
- curiosity with a practical orientation
- desire for creative realization
- outcome-oriented motivation
- desire to engage diverse communities
- empathy with and support for the adopter
- sense of humility
- tolerance for ambiguity
- an individual perspective
- confidence in achieving success

The research also highlighted the need to have an "intrapreneur" or champion on the team, who has the mindset and skill to navigate the internal organization effectively. Like start-up entrepreneurs, intrapreneurs see the potential business, can marshal resources, and can direct appropriate actions. Unlike start-up entrepreneurs, they do so within the confines and dynamics of the organization.

These individuals tend to have a long company tenure with deep and extensive, informal, internal networks, in addition to the other skills and mindset required to pursue whitespace opportunities. The intrapreneur/champion is involved in the day-to-day activities of pursuit.


Two other distinct and key roles were identified as critical to whitespace opportunity pursuit efforts. An individual may play more than one role (e.g. the sponsor may also be the governor).

Sponsor - the person (or persons) who provide the resources necessary. They typically protect and assist the intrapreneur but are not involved in the day-to-day activities of pursuit.

Governor -- the person (or persons) who sets the general mandate for whitespace pursuit activities within the company and provides high level cover for the nascent businesses that result. They are typically C-level executives and major drivers of many of the cultural factors listed previously.

Our research found that the optimal size and composition of whitespace pursuit teams is situation dependent, but the bias is towards a small but highly skilled working team (reporting to a C-level executive), with specific projects being staffed by a few from the independent corporate innovation team and a few from the businesses. It is also typical for one or more people from the working pursuit team to "follow" the business into its scale phase.

A lack of continuity from the concept to the business can reduce performance and compromise results as can a lack of team diversity or the wrong mix of skills. These are all barrier factors that were identified by the research.



"Keeping these things alive comes from the top down. You need continuous support from the top down. You have to do this through communication."

– Project Interviewee



Additionally, it is critical to build a team that has a clear purpose and objective with the expectation that they will experiment with many options and bring in outside perspectives, by engaging with the external community and using external partners.

3. Competency

Learning and partnering enable companies to build new competencies. Projects that have an explicit objective to acquire knowledge useful to the company were deemed the most successful, whether or not the specific opportunity had a positive commercial outcome.

Key competencies that emerged during interviews include:

- understanding technology offerings
- knowing the market
- understanding new customers
- understanding channels and delivery mechanisms
- having a view of the supply chain and production mechanisms
- using the brand image
- defining the business model

Kimberly-Clark Example

Sanitization

Selling hand sanitizers and surface sanitizing wipes is part of the ongoing business but there were unmet needs not being addressed that could potentially change this equation. The Innovation group initiated and led a project to create a new type of sanitization product, one that would create a new profitable revenue stream. It was recognized early on that if the existing business unit ran the project, it would not take off due to risks related to fundamental science questions, product development concerns and perceived regulatory hurdles that needed to be answered.

The team developed new concepts and solutions that got people within the company very excited but also anxious about taking on such a project. A cross-

functional team was assembled within the company supported by external experts to understand the science, validate the proposition and manage the regulatory pathway such that the overall risk to the business was reduced. The eventual leader of the business was, however, involved from the beginning and kept in the loop so that when it was time to transition to the business in order to scale, they were ready.

Lessons: Business units are machines that make things efficient at scale. Running the early experiments in an entity outside the ultimate business unit to de-risk the proposition while keeping them engaged and ready to scale at the right time can provide the right balance.

Catalyzing factors in the competency dimension include partnering and finding the right outside partners, exploiting the permission to experiment with the business model, and having time to learn. Barrier factors include the misestimate of market forces, a resistance to outside perspectives, and technology inertia.

Structural Dimensions

1. Funding

Funding reflects the tangible commitment of company leadership to whitespace pursuit, not

only in quantity, but also in terms of sourcing and philosophy. Cover from senior leaders is critical as are resources protected from down business cycles. Groups focused on whitespace innovations are frequently treated like internal start-ups, with high-level executives acting in venture capitalist roles.

Funding typically comes from a mix of corporate coffers and business units, with percentages varying by company and project. Successful initiatives had a large percentage of corporate funding. This approach allows for the necessary

engagement of existing business units while minimizing a whitespace “tax” to the business units. Most executives in the companies represented in the study recognize that they need more growth than their core businesses can be expected to deliver. It was also recognized by these executives that it is very difficult to preserve funding for these efforts during downturns and changes at the very top.

Interestingly, while many companies appear to have protected resources, participants reported that project leaders often organically sought and acquired additional resources by networking their way to an executive champion. That said, project funding decisions cannot be so loose that unchecked individual opinions dominate or hidden assumptions go unchallenged. This research found that scaled funding decisions (increasing investments with increasing knowledge and results) are critical, but scaling too fast can be as detrimental as scaling too slowly.

2. Process

Successful companies almost always employ some sort of process to manage their whitespace activities and minimize the risks that come with protected funding. The process mechanisms, formality, and level of rigor vary greatly. Some companies use the same process they use for non-whitespace activities (e.g. stage-gate). There is much on-going discussion (Sommer, Hedegaard, Dukovska-Popovska, & Steger-Jensen, 2015) about whether stage-gate or alternative models are effective processes for whitespace efforts. Effectiveness appears to depend, in large part, upon how each company chooses to use the process. Some companies have designed a more flexible “test and learn” process that seems to lend itself more effectively to whitespace pursuit, because it is optimized for experimentation and learning.

There is a common understanding among study participants that a catalyzing factor for

Bose Example

Automotive Audio

Bose, a leader in high performance audio systems, started the automotive sound business in the early 80s - it looked like an adjacent business.

They had the technology but had to develop new channels, product features, and supply chains.

It took Bose 15-20 years to become a credible automotive supplier. This was unexpected. At one point they were in danger of losing the business. They

underestimated the difficulty of the effort even though it seemed like such a ‘natural’ extension.

Now Bose employs a rigorous evaluation system, with clear metrics, to see what new competencies will be needed to be successful with new whitespace opportunities.

Lesson: Do not underestimate the difficulty of building competencies in a new business.

successful whitespace pursuit is the concept of incubation. Incubation refers to the time and freedom to experiment with various aspects of a new business to see what works and what doesn't. It also means a time in which the nascent whitespace opportunity is evaluated using different criteria than those used to evaluate established, operating businesses. Incubation must include launch, and a post-launch period that allows for the business to adapt to learnings from real market experience. Some scaling of the business happens at this stage, but true scaling occurs when the new business emerges from its incubation phase and flips from experimentation mode to efficiency mode.

When to emerge from incubation mode and enter execution and efficiency mode is highly variable and requires leadership judgment. Making this transition too soon or too late is a barrier factor.

That said, according to study participants, the best whitespace pursuit projects move fast, usually faster than the businesses themselves or corporate R&D can move. The number of whitespace pursuit projects varied widely, but it is generally accepted that there can be too many projects. Several companies interviewed indicated they had cut back on the number of projects being simultaneously worked on so that they could move faster on fewer key priorities.

Any process employed for whitespace pursuit requires a flexible management approach that still injects an explicit, systematic level of evaluation. Such protocols for these high-risk projects need to be transparent and allow for agility and speed, while generating enough unbiased descriptive metrics to make good decisions between projects with comparable levels of risk. Every company participating in the study reported having some system for evaluating opportunities. Several

"The key is that the people running the daily operations cannot also run the whitespace efforts. However, they all have links back into the organization."

– Project Interviewee

companies developed metrics specifically for whitespace opportunities that were different from the metrics for other innovation activities. According to the study participants, a key is to make the metrics transparent. Without such evaluation criteria and metrics, it becomes difficult to maintain the "right" number of projects; decision criteria are ambiguous and subjective; and opportunity windows can be missed.

There was general agreement among participants that for whitespace opportunities to be a major growth contributor, 10-year time horizons for success are the norm and necessary. This may seem contradictory to the 'need to move fast' described above but it is exactly this tension that is important. Moving fast to figure out the new business and get it on a growth path is important, and it is also important to have patience for that growth to happen over time.

3. Organization

Creating a purpose-built team within the organization, independent of any operating business, was found to be a catalyzing factor. Such teams have found success by

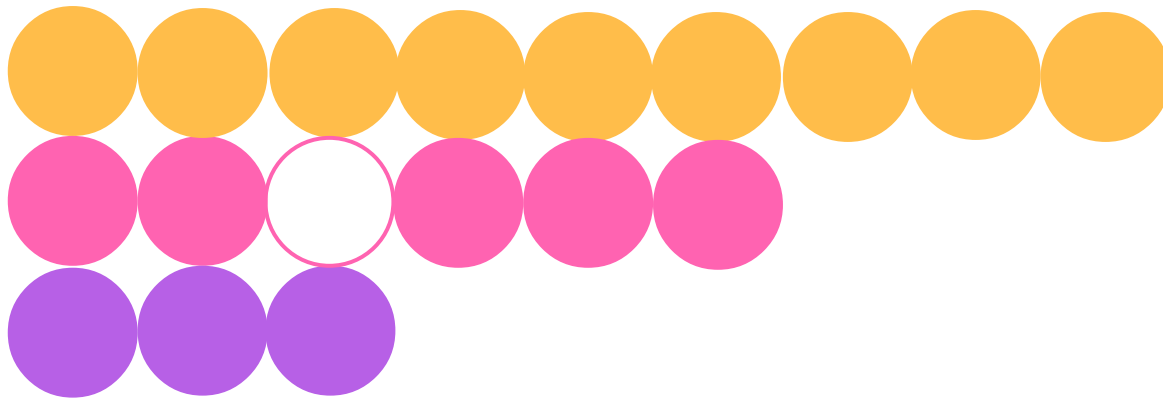
reporting directly to executive leadership and having transactional authority to do deals and move fast. Such teams, designed for exploring and incubating, must have the opportunity and ability to effectively network and influence the business units. They cannot be seen as a bolt-on anomaly.

Barrier factors include internal isolation, ineffective coping with business unit pushback, and a lack of communication skills, which precludes effective engagement with business units. Independence and connection are key, but this duality is not always easy to achieve.

Table 1 includes a summary of key dimensions and factors in whitespace opportunity pursuit.

Table 1: Summary of Key Dimensions and Factors

		Catalyzing Factors	Barrier Factors
Cultural Dimensions	Leadership	Strategic Clarity Permission Executive Cover Experimentation Mindset	Rotating leadership Fear of cannibalization Punishing failure Execution mindset
	People & Team	Having a champion Purpose-built team Penchant for experimentation Foster outside perspective	Lack of diversity Routine mindset Poor interface between team and rest of company
	Competencies	Getting right partners Experiment with B-models Learning bias	Lack of marketing/ commercialized expertise Resist outside perspectives Technology inertia
Structural Dimensions	Organization	Independent group reports to highest levels Transactional authority Effective external networking	Siloing of whitespace groups Not enough independence Ineffective coping with BU pushback
	Funding	Protected funding not subject to biz cycles Scaled funding Custom metrics	A-priori commitment Scaling too soon NPV evaluation
	Process	The right number of projects Move fast, know when to stop Incubation time & space	No continuity Lack of transparency Ad-hoc decision criteria Uncertain steps & timing



Implications

To ensure long-term growth, a company's innovation strategy must include whitespace opportunity pursuit. Yet, many companies struggle with doing it well. Pursuing whitespace opportunities is inherently different from other innovation efforts. Many factors need to align for the opportunity to be developed, launched, scaled, and absorbed by an existing business or grow into its own business.

By definition, whitespace opportunities are unfamiliar, and complex. They push boundaries and force change. The discomfort this causes is manifested in the experiences shared by the innovation leaders interviewed. While the research focused on the dynamics of whitespace opportunity pursuit, outcomes were very much a factor in the interviews conducted. The following is a list of possible outcomes from pursuing whitespace opportunities.

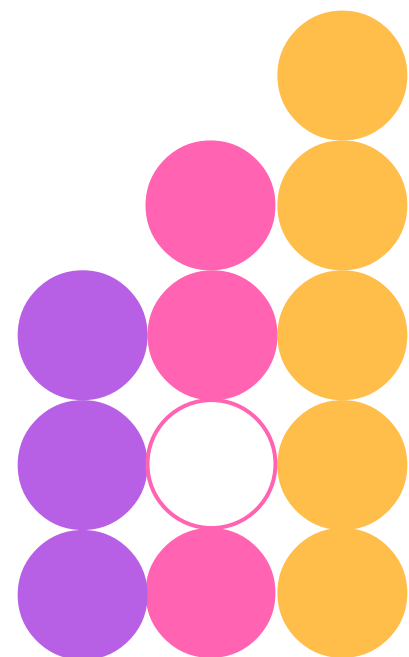
- A new business unit is created to scale the whitespace opportunity
- An existing business unit absorbs the new opportunity
- The opportunity is spun-out or a joint venture is formed
- The results of the work done (IP etc.) are licensed or sold
- The results of the work done (IP etc.) are put on a shelf
- The company learns a lot
- There were no tangible results

An interesting factor that came out of the research is that even those projects with the most successful outcomes still experienced a number of barrier factors, and those projects that failed spectacularly still experienced a number of the catalyzing factors. For example, it was not unusual to hear a story of a very successful whitespace pursuit project that nevertheless encountered problems of rotating leadership, scaling too soon, or poor partners. In similar fashion, even efforts that did not succeed often had passionate champions, executive cover, and an independent team.

The framework that emerged from this research can help companies improve their whitespace pursuit efforts. We believe companies wanting to excel should begin with the factors listed on the following page.

- An independent, permanent, whitespace group with a highly effective and networked leader who does these projects on a regular basis
- Project teams that consist of members of the whitespace group plus others pulled from other businesses based on their knowledge, skills, and mindset
- Team members who will stay with the project as it transitions into a business and starts to scale
- The presence of intrapreneurs on project teams -- individuals with a particular mindset and set of skills that is unique among the technological, commercial, or management skillsets common within large companies
- Executive leadership that protects the integrity and funding of the whitespace group and makes sure it is not subject to the ups and downs of the business cycle
- An incremental, scaled funding mechanism that provides increasing amounts of funding (but not too much) at the right times
- Ambidextrous executive leadership to deal with the inherent ambiguity of the whitespace projects (while running the rest of the company)
- Organizational independence and authority for the whitespace group. Ability make key decisions (e.g. negotiate partnership agreements, hire, etc.) that do not go through the normal corporate bureaucracy
- The time and freedom for whitespace projects to incubate. This is the time, prior to scaling the business, where experimentation can still take place and where standard, corporate financial and performance metrics are waived
- A defined methodology and process (that is not stage-gate) and clear metrics and decision criteria

None of these attributes are noteworthy or rare, but the combination is. In no company did we see all catalyzing factors and no barrier factors; barrier factors were present even in companies with successful whitespace pursuit activities. No one factor makes a company successful. Rather, a system or framework that includes the six dimensions and as many catalyzing factors as possible can help companies improve whitespace pursuit. This framework is highly contextualized, and every company must adapt both the structural and cultural components to its own situation. The most successful companies keep focused on their mission and understand that whitespaces represent growth potential outside the current core business that should be explored -- and filled in -- to create cohesion and value.



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A publication of the



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