



the growth imperative



presents

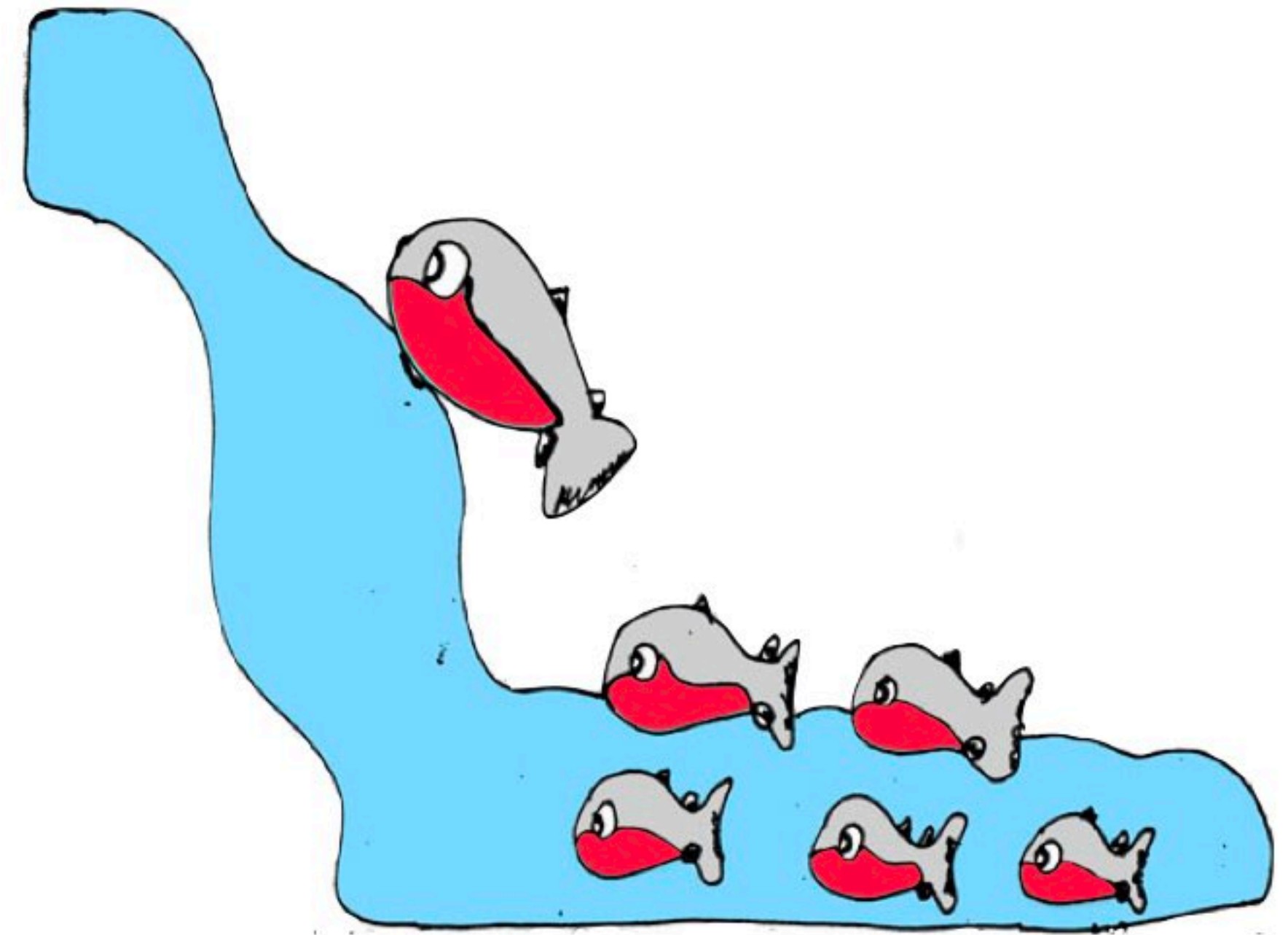
A resilient Corporate Innovation framework

AJAY MADHOK
ajmadhok@stanford.edu

**It's harder than
ever to stay on top.**

**46% decline in publicly
traded companies in the US,
(from its peak in •Com era).**

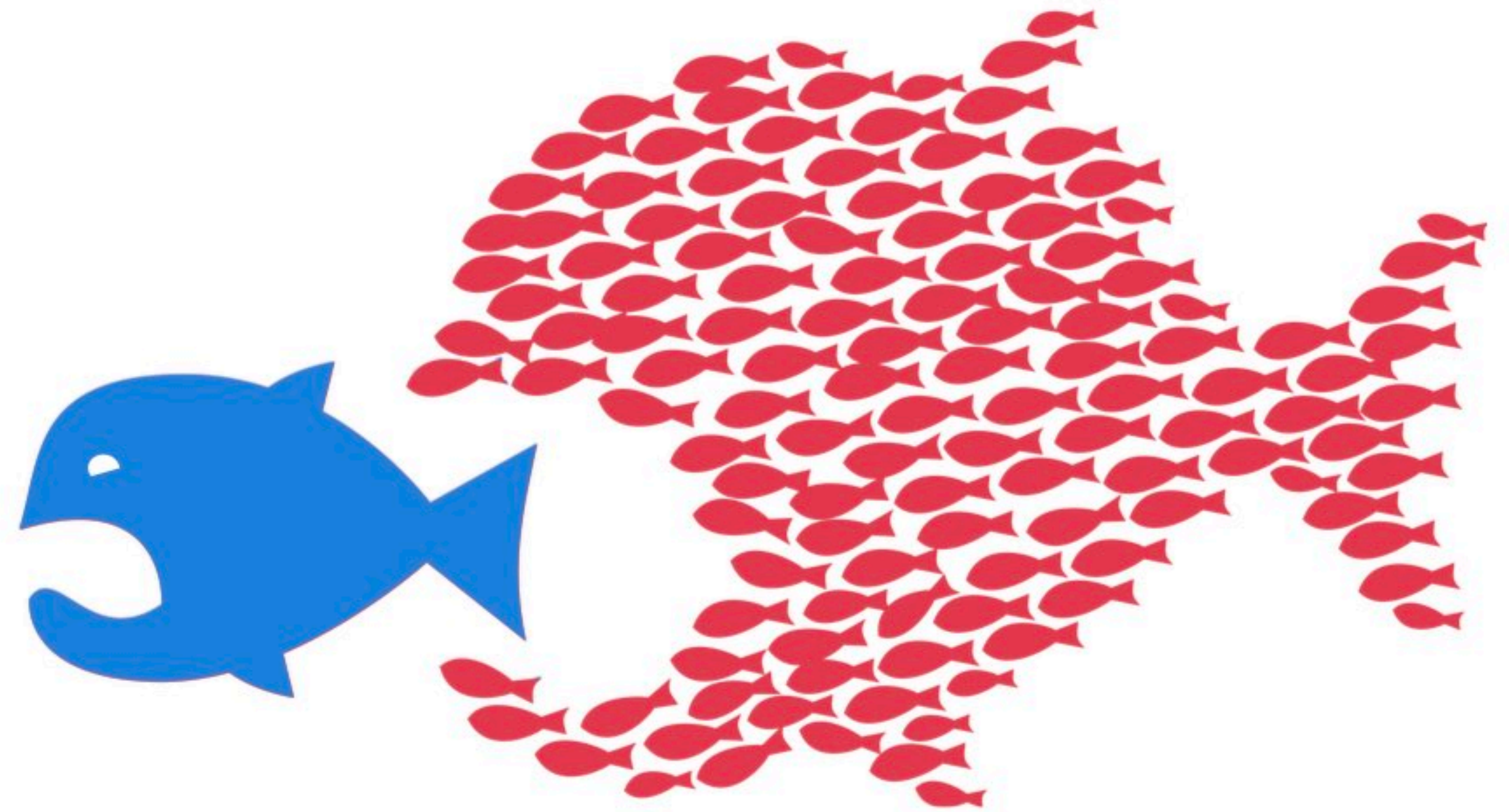
**A S&P 500 company falls off
the list every 6 weeks.**



Why? It's death by a thousand cuts.

Army of emerging players attacking incumbents.

Startups are changing the source of customer value, and the cost of delivering it.

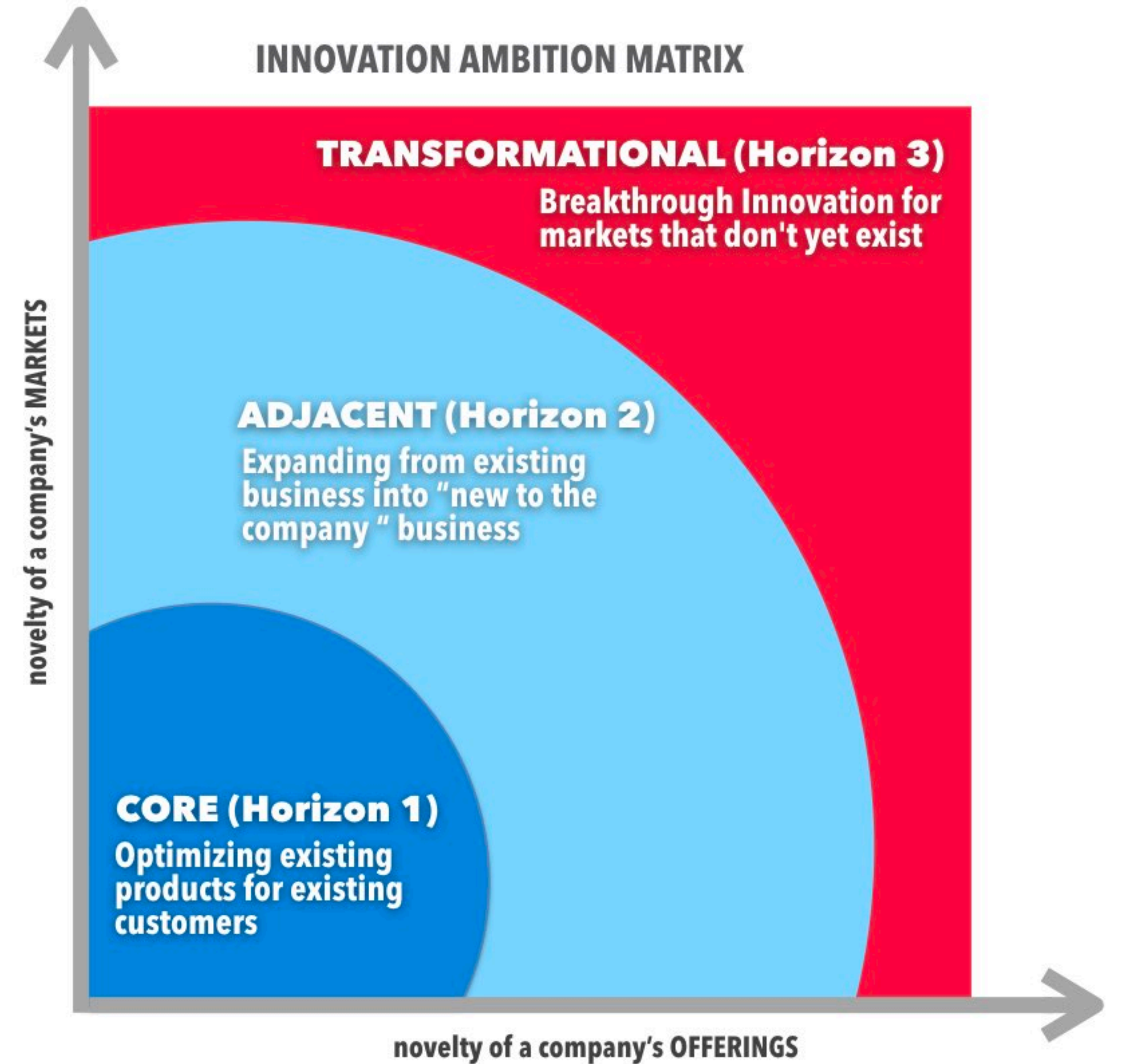


The 3 Horizons model no longer applies.

Horizon 1 ideas provide continuous innovation to existing business and core.

Horizon 2 ideas extend a company's existing business to new customers, markets.

Horizon 3 is the creation of disruptive opportunities.

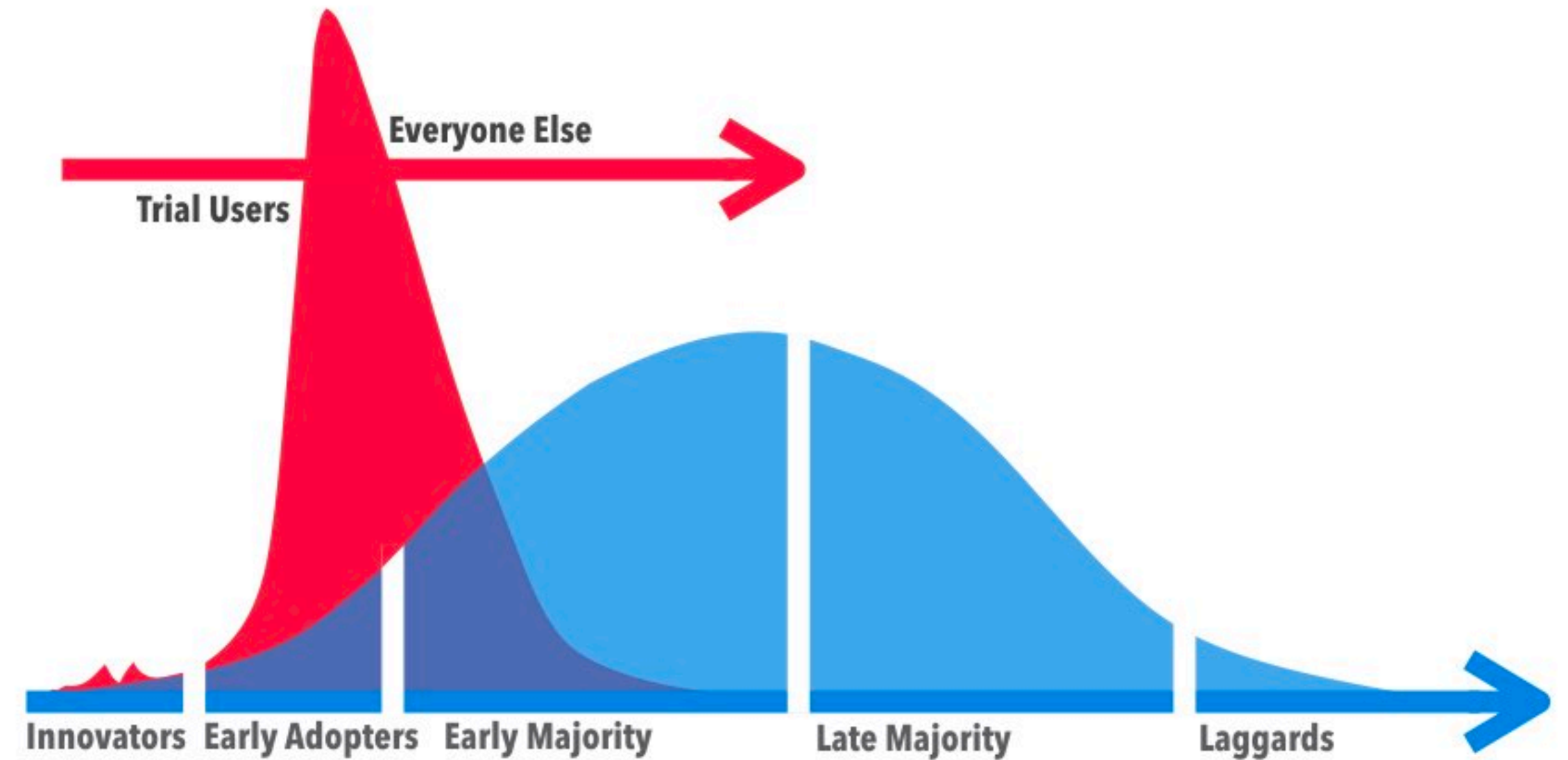


Why? because time is not on your side.

Everett Rogers's adoption curve has collapsed.

When the right combination of technologies is combined with the right business model, take-off is immediate.

BIG BANG MARKET SEGMENTS



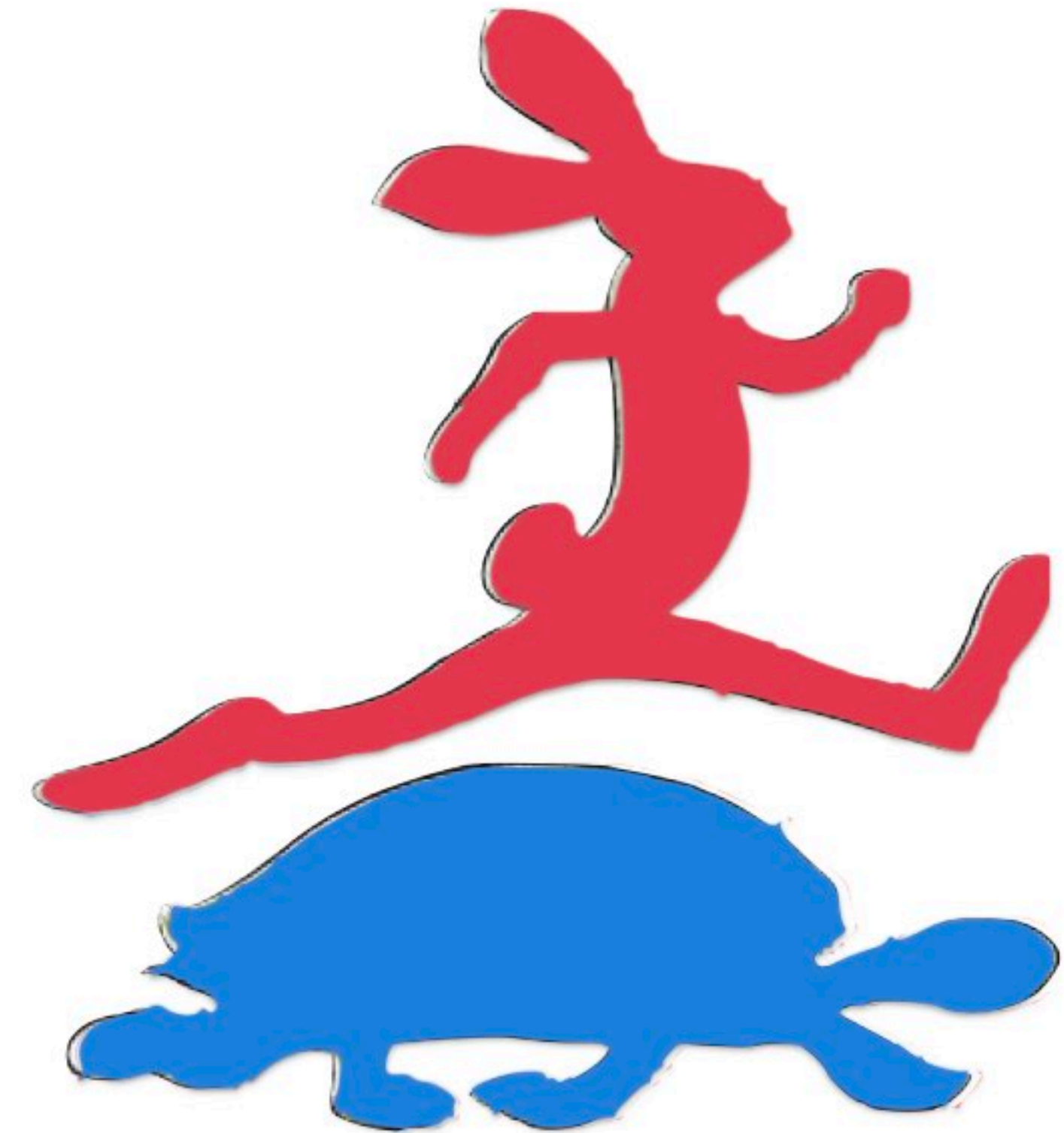
ROGER'S MARKET SEGMENTS

Internal R&D can't keep up with startups.

**Governance, Compliances
Process overhead.**

Incentives not aligned.

Resourcing difficulties.

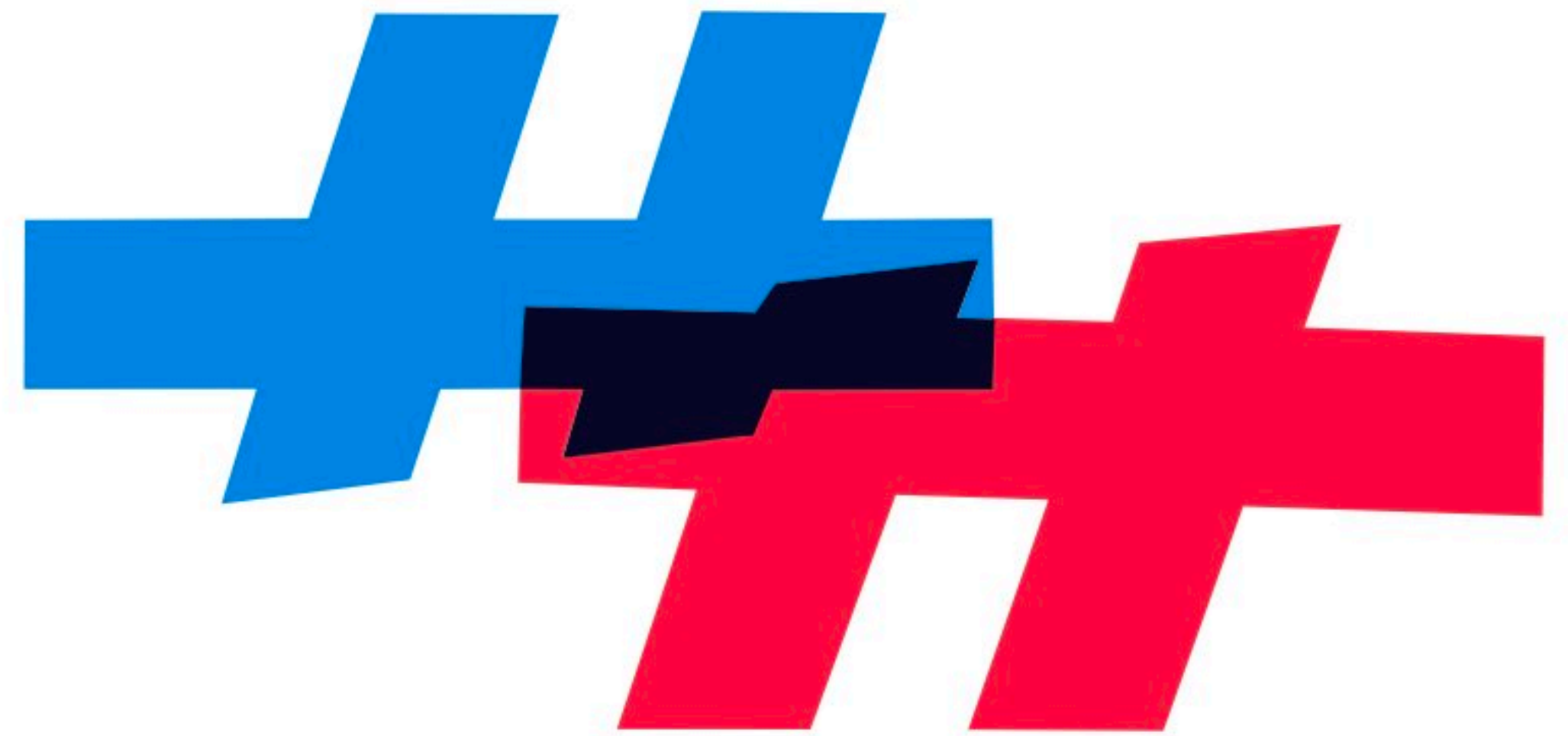


Traditional M&A faces many challenges.

It can't separate winners from spinners.

Waiting for the market to announce a winner makes it too expensive.

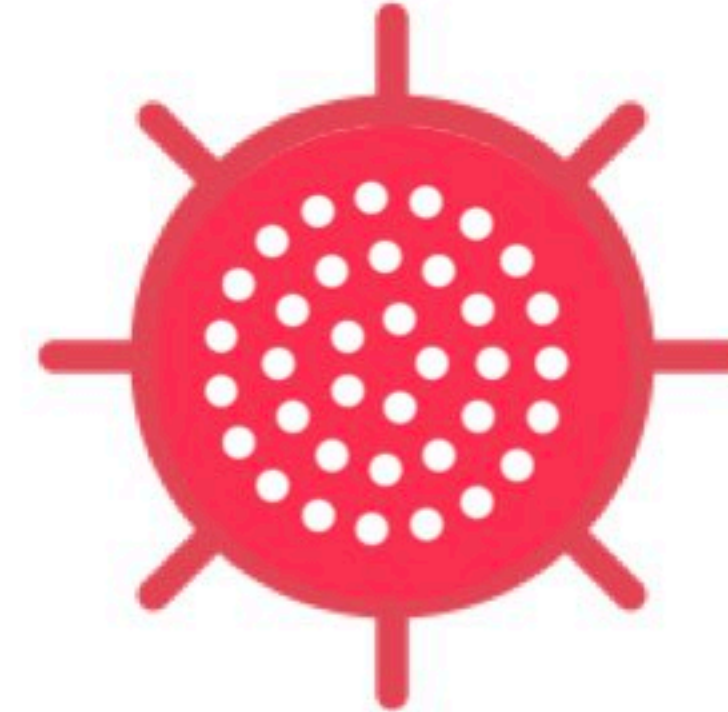
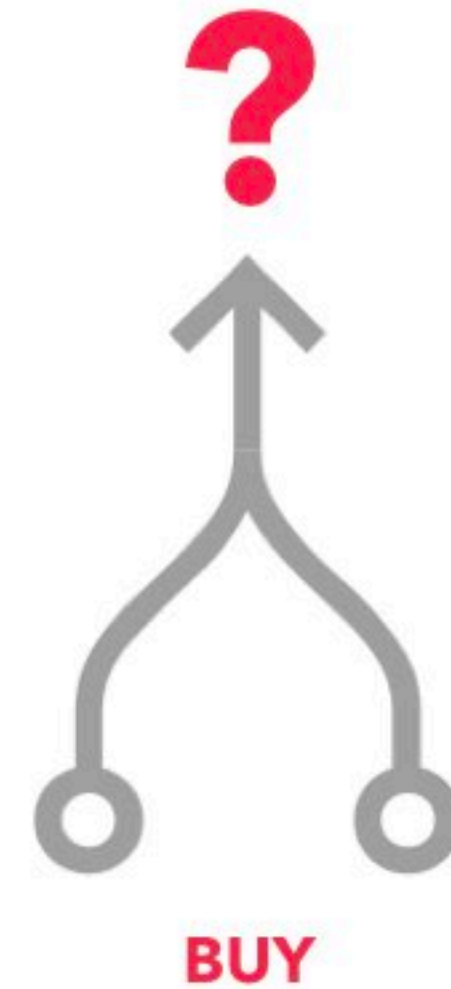
Integration requires business, and culture alignment.



Can a big corporation remain resilient?

How does it engage with the next generation of customers?

How can it update products, services, and business models?



interface
corporate
and
startup
worlds

A Startup excels at going from Zero to One, and Big Companies are adept at scaling it from One to Hundred.

1. Take Foundational Assets of a corporate

Customers, Data, Insights, Brand, Distribution Network, IP, Negotiating Power, etc. are unique corporate assets.

(X)



CUSTOMERS



DATA



KNOWLEDGE

2. Combine Startup and Corporate Talent

Entrepreneurs who know how to build a startup.

+

EIRs from the corporation who know how to integrate.

(Y)



+



+



EXECUTIVES-IN-RESIDENCE

BUILDERS

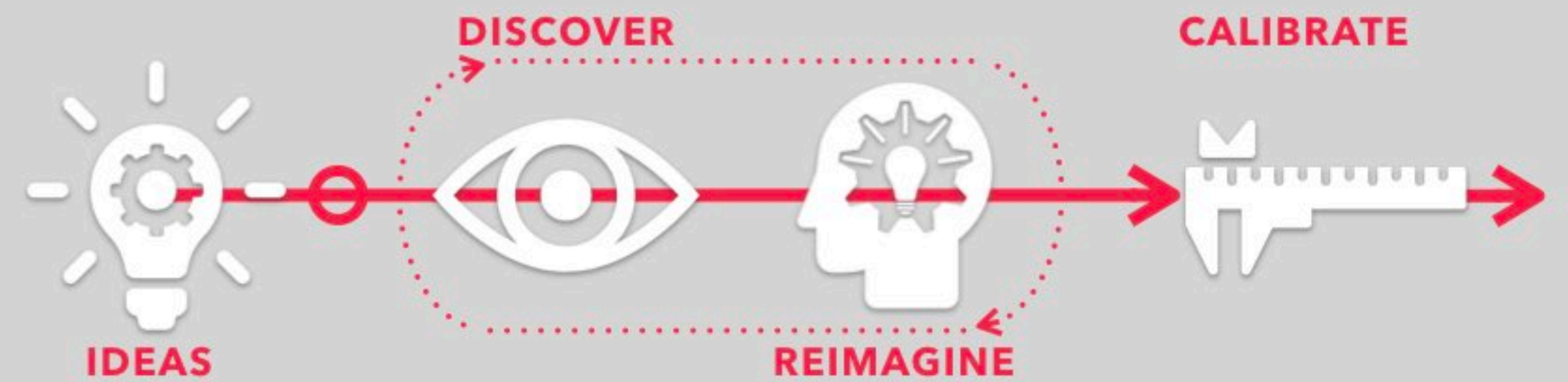
ENTREPRENEURS

3. Calibrate the Right Opportunity

Discover, reimagine and validate ideas with future integration in mind.

Leverage the foundational assets to get an unfair advantage.

(Z)



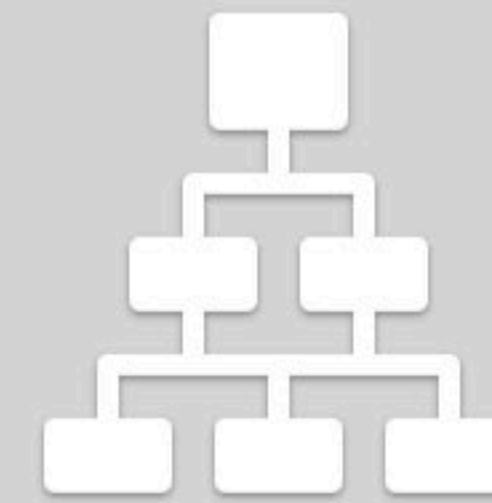
4. Remove the unnecessary burdens

Enable the combined team to iterate for new value by removing the constraints of the parent company – the rules, the immutable policies and process overheads.

(-W)



PROCESS



HIERARCHY



POLITICS



LEGACY

5. Operate at the speed of software

Bring the experimentation mind-set, breaking anything that can be done better.

Align on how to create, distribute, and capture value together (post integration).

$\wedge \alpha$



ALIGNED



AGILE



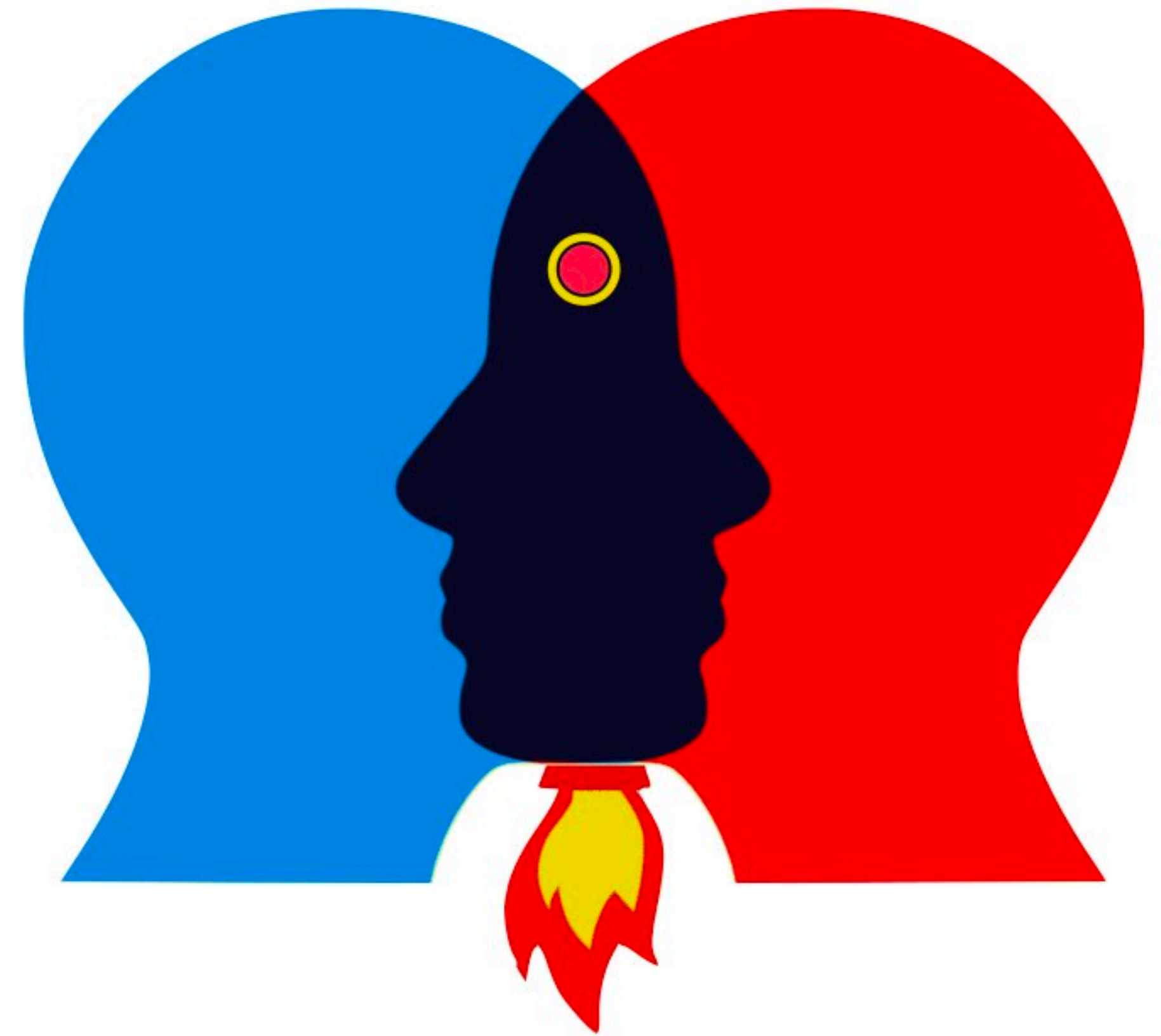
MINDSET

Σ =Resilience through new Growth Vehicles

Purpose-built Startups improve chances of success by combining the pace and agility of successful startups, with the scale and resources of large companies.

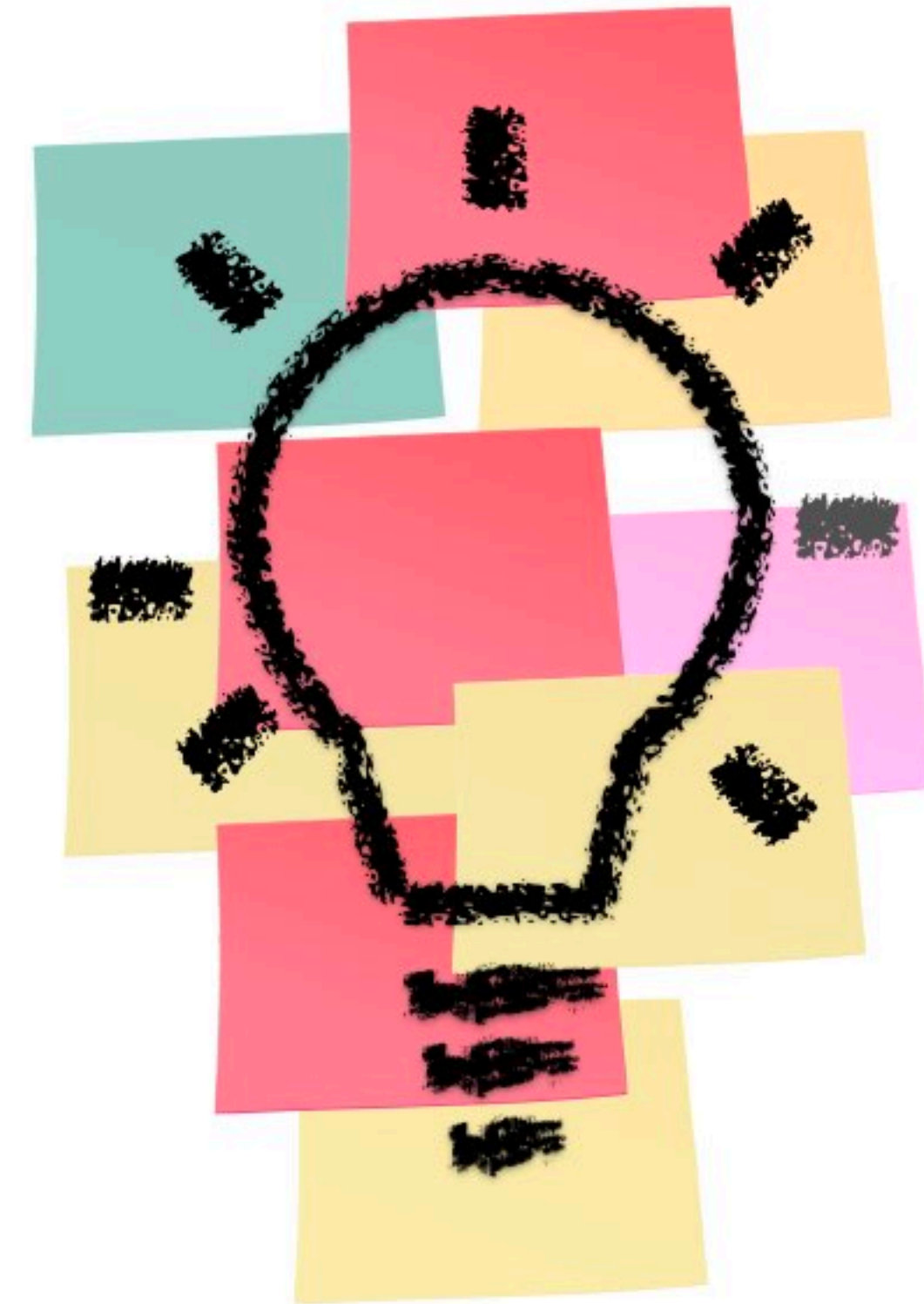
They are acquisition-ready by design enabling easy business, tech, and cultural integration.

$$\{X+Y+Z-(-W)\}^{\alpha}$$



A NEW GROWTH VEHICLE

Purpose Built Startups as a Service



AJAY MADHOK
ajmadhok@stanford.edu