

Innovation: the Catalyst for Change

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INTRODUCTION

In the face of rapid, complex global change and shifting customer purchasing power and behaviors, large companies feel pressure to continuously adapt and innovate new products and services to remain competitive and relevant. However, in the face of this urgency, many companies rely on traditional innovation structures to ask themselves: “What products and services will differentiate ourselves from competitors and meet our customers’ needs?”

By jumping straight to the “what,” companies are missing a critical aspect of innovation – they are skipping over the “how” of innovation. Continuous and responsive innovations require a company to fundamentally re-envision more fluid and decentralized team structures and a

company culture that provides an enabling environment for creativity, intrapreneurship and risk-taking. Essentially, companies need to be increasingly innovative in how they “do innovation.”

It is difficult for large, established companies with deeply ingrained structures, processes and cultures to change. Many rely on a centralized team, often housed in headquarters, that is hired exclusively to lead new product/service development for the company. They advance ideas in their department and then must navigate the most promising through layers of senior leadership and bureaucracy. It can take years! And oftentimes there is a mismatch between the end result and what the customer truly wants to experience.

Then, there are an increasing number of companies opening up pieces of their innovation processes. For example, some companies are setting up channels by which their employees or customers are invited to submit ideas for new products and services, or they are inviting individuals to take part in the actual design process. While these mark important steps, they are incremental, and do not necessarily transform a company’s fundamental structure or culture for doing innovation.

Arguably, in today’s rapidly changing global technological and communications environment, the key innovation challenge is not to develop the new “What.” Rather, it is to envision and implement the new “How.” These are the internal organizational innovations that enable companies to rapidly develop and vet timely, responsive changes in their products and services ahead of their competition.

Vodafone is an example of a large, multinational telecommunications company that has turned a centralized and traditional innovation structure on its head through the introduction in 2011 of its Innovation Program. Instead of a rigid and top-down model, Vodafone developed a distributed and fluid process of innovation and experimentation led by what is now a network of 60 employees around the world. The cornerstone of this program are the “Innovation Champions.” These champions are Vodafone employees representing over 24 countries and a dozen different departments, from government affairs, to sales and marketing. Their sole role – beyond their full time positions that Vodafone hired them for – is to lead conversations face-to-face with Vodafone’s customers and to innovate with them.

There are multiple secondary benefits when companies adopt transformative changes to their innovation processes, besides the most obvious result of new or stronger revenue streams. Some of the most profound impacts are employee satisfaction and talent development, as employees engage in work that they are passionate about and that pushes them to master critical skills and competencies. The impact is incomparable to traditional and costly executive education trainings.

A further ripple effect is organizational culture change – champions of innovation begin to infuse their direct teams and country offices with new behavior and ways of thinking and organizing. This type of bottom-up change becomes a fantastic complement to efforts led by senior leadership, which are often met with doubt and resistance. The vote of confidence bestowed on the champions by senior leaders is a challenge. That challenge is described to each champion: “Go break the rules.”

Vodafone and Ashoka, a global network of 3,500 social entrepreneurs demonstrating new ways of organizing across silos for greater impact, conducted a series of interviews with Vodafone's Innovation Champions to surface the major design principles involved in a distributed and fluid process of innovation. This process also identified the major benefits of such an approach, for both Vodafone the company, its customers and its employees. The research also surfaced insight and knowledge for those corporate executives exasperated with the old way of doing innovation.

VODAFONE'S INNOVATION PROGRAM: KEY DESIGN ELEMENTS

Everything centered around the customer

The Innovation Program at Vodafone Global Enterprise (VGE) was created to keep Vodafone and its customers ahead of the game. It is based on the idea that by listening to customers, Vodafone can help them to transform their businesses.

Vodafone starts the journey with design-thinking inspired Innovation Workshops. These are day-long conversations with senior executives from Vodafone enterprise customers that explore how they envision their business progressing in the next three years and how mobile technology can help to realize that vision. Vodafone has embraced rapid prototyping, lean startup and agile methodologies to enable fast responses to new opportunities.

One Innovation Champion at Vodafone, a Solutions Specialist, spoke about the culture shift he was trying to bring about among his colleagues that interact with customers on a regular basis. It's a shift that involves moving from traditional solutions-selling to being comfortable saying to a customer, "Tell me your problems; what keeps you awake at night, what are your fears?" It's about changing the relationship with the customer, from one of service provider/client to one of partners, and from selling to listening. Under this approach, the traditional customer presentations and pitches go out the drain, and must be replaced by a deep level of listening, trust building and relationship development.

Decentralized, but integrated

As in most organizations, there were already positive troublemakers at Vodafone, and the idea was to tap into these change agents – from across diverse country offices and departments – to deliver the Innovation Program globally. These "Innovation Champions", as they are called, are the lifeblood of the program. Vodafone enables their success by providing a globally consistent methodology for speaking to customers, endorsed by senior leaders and supported by training, community, recognition and rewards for the group's innovation work. While the approach is global, Vodafone recognizes the need to give these employees the flexibility and permission they need, therefore creating a decentralized, but integrated structure.

An interview with an Innovation Champion from Government Affairs spoke about the siloed nature of the company's departments, where teams are naturally focused on improving their direct KPIs through their respective product lines. Several Champions noted how the Innovation Program fosters better collaboration and integration across products, teams, functions and KPIs.

The principle of “decentralized but integrated” is aided by the fact that Innovation Champions have full-time roles at Vodafone that may have nothing – or very little – to do with innovation or interacting directly with the customers (while for others, the integration into their full-time role may be more natural.) This helps to embed innovation across the entire organization. Teams that normally have no relationship with innovation processes begin to associate innovation with new revenue and new revenue streams.

Only the most passionate and intrapreneurial employees

Employees who raise their hands to be part of the Innovation Program generally have an internal spark to do things differently. They are the out-of-the-box thinkers that hold visions of improving systems. The role is not for everyone and it’s largely in addition to an individual’s daily job, so it has to tap into a real personal passion. But for those natural, positive troublemakers, the Innovation Program at Vodafone acts as an excellent outlet for developing and encouraging intrapreneurial talent.

Furthermore, having a process whereby employees self-select to become Champions allows Vodafone to easily identify those employees who have a desire to innovate. Innovation Champions must be on target to achieve their day-to-day KPIs to take on the extra work load. This results in a natural selection process of high achievers among Innovation Champions.

Interviews conducted with Innovation Champions surfaced several common characteristics among these individuals:

- ease with ambiguity of process and outcome;
- agility;
- enjoyment of personal challenges;
- risk takers;
- systems thinkers (one Champion referred to the image of connecting Legos);
- storytellers;
- high level of self-definition (comfortable holding a vision and pushing it forward);
- cognitive empathy and listener;
- accountability/ follow up;
- able to get the buy-in and navigate the system;
- ability to embrace failure;
- confidence to present to senior executives.

It is not uncommon for Innovation Champions to have intrapreneurial and diverse backgrounds, including one former chef who likened the qualities of the two roles: “In a previous life I was a chef. I loved the adrenaline rush and high-paced environment, the ambiguity and agility, the not knowing what you’ll get out. You need to be on your game and think quick, and you need to be able to command the room.”

Many Champions spoke about the challenges of risk-taking in a big, commercial environment, and how being part of a global innovation team provides an important safety net. It gives them the necessary confidence to navigate and get buy-in from senior leaders and to take calculated risks.

Several also described the benefits they received on a personal level. One Champion described it as a sort of “self-preservation.” These benefits include the opportunity to expand one’s creativity and confidence, developing one’s career path, and being seen as a reference for innovation and market trends by one’s peers. Individuals that participate have the opportunity to have their personal brand highlighted internally since innovation and customer relationships are key to the success of Vodafone.

Sense of Purpose

Not all of Vodafone’s innovation projects are purely commercially driven. For example, the digital voucher program developed in partnership with the [World Food Program](#) delivers cash electronically to 500,000 refugees (in phase 1), empowering people to buy fresh food in local markets. Vodafone has a portfolio of innovations that have both social and commercial impact by increasing the livelihoods of underserved communities via its mobile technology solutions. This hybrid approach positions Vodafone as a driver of solutions to some of society’s complex challenges related to inequality, environmental degradation, and poor health care access, among others.

Being able to work on purpose driven projects that drive social or environmental impact is often cited by Champions as one of the additional benefits they get from participating in the program. This personal fulfillment is what drives intrapreneurs to push through boundaries and to continue driving projects forward. This leads to increased employee satisfaction and retention.

BENEFITS TO VODAFONE

Having demonstrable, significant positive impact to the bottom line is table stakes for the innovation team’s continued growth. But there are other ways the Innovation Champion program provides additional value to the organization:

Retention and development of top talent

Throughout the interviews, we heard time and time again from Innovation Champions that the best part of their jobs is the role they play contributing to innovation. It feeds employees’ pride and satisfaction, especially for those employee change agents who might get frustrated if not given an opportunity to tap into their talents and passions. By providing a global “support community” and the learning and development to help employees put their good ideas into context, Vodafone can increase their chances of success. Providing a path to include a sense of purpose at work is a powerful engagement tool.

Vodafone also benefits from having individuals trained in 21st century leadership skills; facilitation, ideation, storytelling, executive engagement, active listening, Lean Startup, cognitive empathy, collaborative leadership, etc. The Champions are amplifiers of these new approaches, widening the sphere of influence around the company. In fact, other Vodafone Operating companies have requested support in replicating the program, based on the fantastic work and evangelization of the Champions.

New Business Models

Vodafone's approach to co-innovation helps to drive the awareness and adoption of new business models, both for Vodafone and for its customers. For example, the shifting from traditional car insurance models to usage-based insurance, or empowering car manufacturers to participate in the sharing economy. They also include digital vouchers for refugees in eastern Africa or digital solutions to empower smallholder farmers in partnership with Unilever.

One of the better-known examples is Novartis's SMS for Life to improve access to malaria medicines and other essential drugs in rural areas of developing countries. Another is M-Pesa, a mobile phone-based money transfer and microfinancing service, launched in 2007 by Vodafone for large mobile network operators in Kenya and Tanzania. These initiatives were born out of a decentralized innovation process at Vodafone.

Eco-system Development

Having a global network of Champions also enables the cultivation of a strong innovation eco-system, much like overcoming silos within the organization. Each region develops its own relationships with potential partners — be they startups, established corporations, NGOs, or governmental organizations. The global community allows champions to connect their colleagues and ideas with the appropriate customers and partners to accelerate successful prototype development and scale. Vodafone's customers can take advantage of a global innovation network that transfers new, cutting-edge solutions currently being deployed in one vertical, in one part of the world. Startups are approached with vetted business needs identified by the world's largest companies and can develop go-to-market solutions with Vodafone.

IMPACT AND SCALE

Impact to date

Vodafone quickly recognized the value of the Innovation Program and the impact that it was having on relationships with customers. The demand for workshops grew from 30 workshops during the first year to 150 the second year. Vodafone now delivers an average of 100 workshops per year.

Impact metrics include the number of new executive customer relationships established, feedback from workshop participants and the number of new opportunities identified per workshop (five is the average), as well as changes in perception of Vodafone as a global innovation leader. And finally, the impact the program has with new customer relationship opportunities and increased revenue.

Scale

As more employees became interested in becoming Champions, and as the demand for innovation workshops grew, Vodafone needed to find simple, efficient ways to onboard, train and recognize the Champion network. This included opening up the program to employees who had perhaps never run a workshop, facilitated an ideation session or led a group of C-Level executives. As the demand accelerated it became clear that a more structured onboarding process

was required to ensure the right fit, provide a consistent training path with timelines, and clear rewards and incentives to encourage rapid engagement. Champions engaged in the program for several years now mentor new members to guide them through the on-boarding process and train them on workshop methodologies.

With growing demand, it also became clear that there were two possible ways for intrapreneurs to become involved with the program: either as champions, whose main focus is delivering customer-facing workshops, or as agents, who are mainly focused on internal innovation, such as writing whitepapers and articles, developing collateral, and supporting the execution of innovation projects. In 2016, Vodafone officially launched the Innovation Agent program. Today, a network that started out as eight Champions has now grown to over 70 Champions and Agents. Already there's interest from other business units within Vodafone in adopting this methodology.

Jerry Spann explains, "Our belief has always been to start small and iterate, very much a 'build, measure, learn' methodology; and that has been our approach to growing the Innovation Champion team. The times when we unintentionally allowed the desires of the organization to have us grow exponentially were the times of greatest stress for the entire innovation community. We have learned to set our growth targets with an appreciation of our ability to scale."

Reward and Recognition

Recognizing that incentives are an important element for success, in 2015 Vodafone introduced a gamified, self-driven platform that allows Champions and Agents to move from levels 0 to 5, with new skill acquisition and program delivery required at each level. Rewards and recognition are also built in.

The central innovation team works hard to have each member recognized in their own way. One member each year is put forward as the innovator of the year from each region and one individual is rewarded with a CEO award. Excellence in the program is rewarded with mentorship opportunities from top executives as well as individual coaching sessions on social engagement enhancement.

BEST PRACTICES

Five years of leveling-up the Champion program revealed some best practices for cultivating an intrapreneurial community.

Know your DNA

The first and most important step in kicking off an innovation/intrapreneur program is to fully understand the DNA of the business; not just the corporate strategy, mission statement, or values, but how the organization really operates. Having a strong understanding of organizational history is important. What do the actions of the organization say about its priorities? Also important is

the understanding how the organization is communicating those priorities externally. Is there an aspiration to do something differently in a particular area? Finally, understanding the current pain points and possible threats can help to paint a picture of why change is inevitable and how the response should be structured.

Passion Driven

Intrapreneurs cannot be created, they need to be discovered and empowered. There are many different types of employees, and that diversity is important. Organizations require people focused on delivering the current strategy, as well as those who are looking ahead and excited about helping the company adapt to the future. Those intrapreneurs exist within all organizations, and it is their passion that makes them successful. By definition they will be pushing the organization in new directions and thus will encounter barriers; their passion will help them overcome obstacles and inspire customers and employees. As such, they are one of the best-kept secrets and underutilized resources of an organization.

Senior-Level Sponsorship

Senior-level sponsorship must be the first step in the process. Without executive support, the program will not be truly successful. The innovation team should be taking the whole organization on a journey, with constant iteration, impact measurement, and buy-in. Thus, ongoing engagement with senior management is essential. The more the executives understand the methodologies and value of the program, the more the team will receive investment and support. This is particularly important for maintaining the space and permission for the intrapreneurs to participate.

Grow organically

Employing the lean startup philosophy can help to ensure success; build, measure, learn – in small incremental stages. Pay attention to the impact of the program and its development, support, success and satisfaction by starting off with reasonable objectives and continually evaluating the impact. Starting off with a small team and a small budget, while focusing on empowering the intrapreneurs across the organization, creates a multiplier effect for money spent versus financial impact. Growing too fast may increase the expectations from the organization to deliver beyond the current capabilities. Developing a healthy innovation culture to deliver disruptive innovation takes time. It is important to be in it for the journey.

Use organizational structures

The best way to support intrapreneurs is to tie into official organizational support structures as quickly as possible. The impact these individuals bring to the organization should be valued by the business not as something totally separate, different and foreign, but as an exemplary way to meet core business objectives. Leveraging programs like global top performer recognition programs has the two-way value of increasing the visibility and incentives for the intrapreneurs, but also helps to validate that the program is delivering on core key values. Expanding those programs to include a few select spaces for the top performing intrapreneurs is an excellent way

to increase the likelihood of recognition for your team while garnering executive support and recognition.

Data, data, data

Finally, as much as corporations may philosophically believe they need an innovation program, without data to show impact, those programs will not last long. The data can be incremental; the mechanisms for growing impact should become more robust year after year. Creating the space to explore disruptive innovation, which may take time to develop, needs to be delicately balanced with the need to show immediate impact to the bottom line. Often measuring social impact can be even harder, which can complicate internal support for new business models focused on social innovation. This reinforces the importance of collecting data that supports the metrics a company is prioritizing today, which will in turn create the space for true disruptive innovation to flourish.

However, while focusing on more traditional (short-term bottom line) impact is key, if an innovation program is tracked exclusively on in-year financial impact, it becomes a sales team rather than a long-term growth engine. Vodafone sought to track other metrics that were also important to the business, but less direct – like numbers of new senior-level executive relationships established, customer satisfaction metrics, thought leadership impact, number of Champions certified internally, and of course, number of projects successfully launched. The ability to collect “ripple effect” data is important to long-term viability of any innovation program. This “ripple effect” data paired with the shorter-term, bottom line impact, allows the innovation team to push the organization to explore new business models, including those that also incorporate social impact, with little risk to the continued sponsorship of the program.

CONCLUSION

The pace and complexity of change is accelerating, and companies need to be able to respond more quickly than ever to the shifting demands of their customers. Likewise, the workplace is rapidly changing. Large established companies are vying for top talent against the hottest startups, which can offer excitement, new opportunities, empowerment and potential riches. However, multinational businesses will always offer the ability to partner with the world’s largest organizations, working at a global scale, backed by powerful brand recognition, operational infrastructure, and financial security.

The next big challenge for multinational corporations is to invest in the internal processes and teams, and to create the enabling environments that allow intrapreneurial spirit and radical innovation to take place. This requires moving away from “command and control” and embracing fluid, decentralized teams led by passionate and driven employees. Only then can multinationals compete with startups for new markets and attract and retain top talent.

QUOTES FROM CHAMPIONS

Participants in Vodafone's intrapreneurship program comment on the appeal and personal benefits of participating, and provide advice for future champions.

APPEAL

Loves the adrenaline rush and high-paced environment, the ambiguity and agility, not knowing what you'll get out, need to be on your game and think quick. You need to be able to command the room.

BENEFITS

Freedom to bring your own vision to the table and collaborate with customers in new and different ways.

ADVICE

It's important that it's not mandated, because you get the people that are interested and passionate — not people involved because it's in their job description.

Self-identifies as an intrapreneur, always was trying to solve problems and try to overcome problems - part of his character. Wants to be intra/entrepreneur in the future, part of his ambition to always be part of pioneering solutions and technologies.

Allows him to add more value to his work, especially in relation to his customer-focused work. Seen as expert in innovation and customer-centric solutions. Augments his personal branding. Creates competitive advantage for the company and for his customers.

Dream big and push boundaries, create lots of ideas and brainstorming (ideation stage is very imp), but then you need to get concrete and be clear about the benefits, business value for the stakeholders involved. Make a demonstration to prove a hypothesis - rapid prototyping.

Was searching for colleagues that were willing to think differently and found the Innovation Team.

Good for personal and professional development. Opportunity to work on many different projects, meet new people, requires collaboration across functions and P&L.

Have clear end goal that you can sell back to stakeholders with clear KPIs and commercial benefit (need to be able to put numbers against it). Don't separate innovation from the core business.

APPEAL

BENEFITS

ADVICE

Learning about innovation techniques, trainings, market trends. Great networking opp with other people in company. Receive trainings professionally - books to read, training on latest techniques.

For people who have an appetite for creating new things within a big company, and a will and determination to change, the Innovation Program provides the corporate support to be successful. Support to publish articles, internally and externally.

Any idea is welcome. Don't keep things to yourself - discuss, ask questions

Great channel to expand creativity.

Helps her to create her own career path. Can embed champion skills into every single customer experience.

Don't be afraid to come forward and share your ideas and views. You need to have facts and need to answer "what's in it for me?" for all stakeholders.

Always did something beyond his core role (during his time as a banker and before that when he also sold shoes).

Gives intrapreneurs a "label" and legitimacy internally, provides official role and support. Develops "softer" skills such as listening, communications, provides more confidence, empathy.

Pick yourself up and do it again, just do it. It's important for the group to get recognition, so it's not underground work.