

TARKENTON

IDEAS AT WORK

How to Harness the Power of Insurgent Innovation

Takeaways

- Make an honest assessment of what stage your business is in
- Figure out what customers don't want and don't know they do want
- Embrace insurgent innovation alongside your proven business model

One of my fundamental beliefs in business is that you have to reinvent yourself every day. You have to grow, you have to find ways to get better. If you don't, then you're going to fall behind. You can't just reach the top of the mountain and then stop. It's true in sports, it's true in business, it's true in life.

Businesses succeed by being dynamic and innovative. So if you have a new business, that's the attitude you need to go up. But once you have success, you still have to hold on to that innovative spirit, because if you don't, there are other companies coming after your position. If you're staying still, then you're falling behind.

That's what this article is all about, helping businesses of any size use – or rediscover – the kind of insurgent innovation that drives growth. I hope it inspires you to keep pushing to be better and smarter every day!



Jon Tarkenton

How to Harness the Power of Insurgent Innovation

January is not just the season for New Year's Resolutions; it's also a popular time for launching new initiatives and new businesses. In January 2023, more than 420,000 new businesses officially set up shop.

For many industries, this is also the time of year when many employees leave large, global companies to go off on their own. Frustrated by the status quo, they become "rebels with a cause," catering to underserved markets or pursuing new solutions to marketplace problems.

My challenge to you as a fellow business leader is this: Rather than watching your most creative and entrepreneurial employees walk out the door, it's time to make your business a place where "insurgent innovation" thrives. Doing so will motivate your team, delight your existing customers, and help you capture new market share that your competitors may have ignored.



As you grow, you naturally develop systems and processes you rely on. Eventually, most companies reach the level of optimizing and managing processes, rather than inventing new ones. Yet, even the most mature, established corporations can harness the magic and momentum of innovation. The path to innovation might be different, but every firm – from plucky start-up to Fortune 500 corporate giant – can encompass insurgent innovation.

Embracing Innovation in the Lifecycle of Your Company

Innovation may be essential for long-term survival; but it must be handled differently depending on where you are in the lifecycle of your business. If you are just starting out, or still in the early stages of development and growth - you ARE the insurgent and innovation should be your modus operandi.

Once your business starts to get traction and you start relying on proven practices for growth, you still can aggressively pursue innovation, but that must run parallel to optimizing and managing the operations that are driving revenue and profits.

By the time you reach "level 3," you're in the mature state where everything is incentivized and developed to get the most out of what you're doing; at that point, innovation must be approached strategically so that it offers opportunity without destroying the systems and structure that are firmly in place.

So, how do you put innovation to work in those three different scenarios?



Insurgent Innovation Is the Engine for Start ups

When your company is young and small, insurgent innovation can be your lead strategy. I've found that insurgent innovators typically address two key categories other business leaders fail to notice:

- What customers do *not* want
- What customers *don't know* they want

An old friend in religious ministry likes to say, "Pay attention to the tension." If you have customers asking questions or making requests you're not equipped to answer, view them as opportunities to innovate.

Google alternative DuckDuckGo, for example, identified the discomfort consumers feel about online privacy. DuckDuckGo's offer of "Privacy, simplified" is a great example of how insurgent innovators capitalized on the demand for search engines without surveillance.

One of my favorite collaborations had a similar bent: a startup of Google "defector" employees who thought the search giant was approaching different audiences as if they were the same. Through years of working there, they observed how Google's search ad business is built to serve agencies – marketing and advertising agencies – rather than entrepreneurs and small business owners.

Unsurprisingly, those entrepreneurs and small business owners (a meaningful segment of Google's customers) felt the same way; they didn't want the bells and whistles Google provides; it was too much detail, and demanded too much time.

So after asking, "What do customers not want?" ... our partners diligently set about not offering it to them. Instead, using Google's search and advertising rails, they created a user-friendly, alternative experience that simplified advertising for business owners.

Running Innovation on a Parallel Track to Routine Operations

Once you've got your business established, with proven processes in place and a solid base of existing customers, innovation can be a double-edge sword. Your long-term growth depends on it, but you can't afford to take your eye off the ball. You have to keep the main thing, the main thing.

At the same time, you have a great opportunity to bottle up the culture and mindset of a new, creative, upstart viewing the world – by creating an adjacent or flanker spinoff that maintains the pursuit of insurgent innovation you had back when the company first started, while the main company focuses on the maintenance and management of the core business.

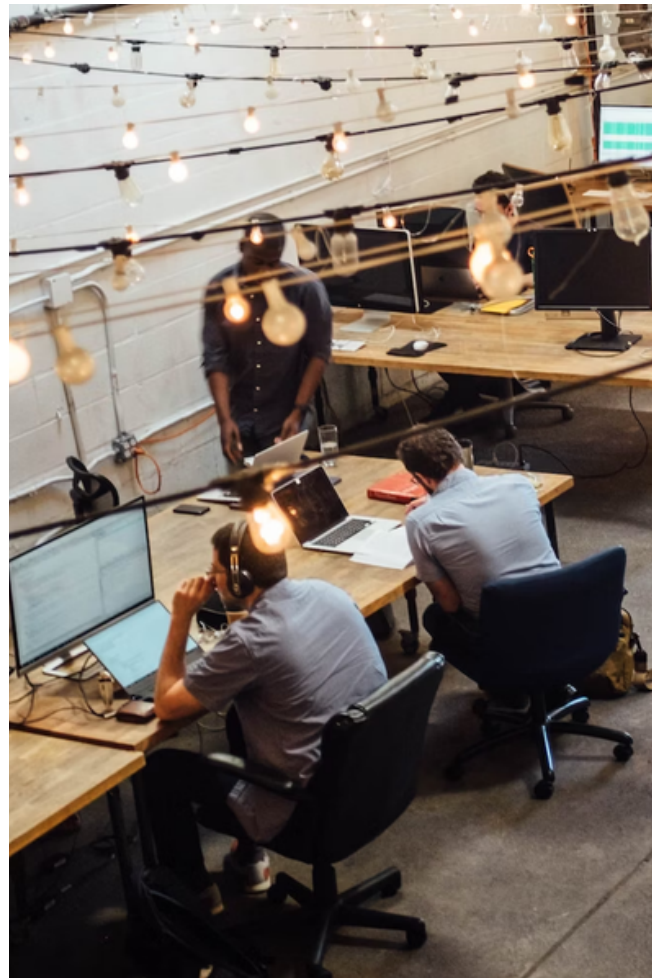
Netflix is a great example of an established company that still was able to leverage innovation. When they were first founded in the late 1990s, they disrupted home entertainment by recognizing that consumers preferred home-delivered content to the traditional trip to Blockbuster or Hollywood Video. A decade later, as streaming replaced DVDs, Netflix reprised their insurgent innovator role. They made early moves to purchase rights, technology and infrastructure to become one of the world's top streaming services.

How Mature Companies Handle Innovation

Mature organizations with established systems face the steepest climb to innovate directly. If you're a mature company whose processes and people and systems and cultural norms are all geared toward Optimization and Management, then you're not going to snap your fingers and create an innovative culture. It's too disruptive.

Does that mean you can no longer benefit from innovation? Not at all! You have two options: be a serious strategic partner/investor in an innovator, or create your own startup with the mission to innovate.

Last year, for example, Microsoft made an interesting move as the AI marketplace took off. When OpenAI debuted its flagship product, ChatGPT, speculation arose whether one of the Silicon Valley behemoths would purchase it. Google opted to create its own competitor version, while the social media giants kept quiet.



Instead of a complete takeover, Microsoft chose to invest in OpenAI as a strategic partner. This is the path we advise for many of our partners, particularly if your existing brand is predictable and well-established. Microsoft decided the smoothest path to profiting from insurgent innovation was to “make friends” with the insurgent market leader, rather than compete with them.

You might also consider starting an entrepreneur-in-residence program, an incubation hub, or an innovation team. These should be consistent with your corporation's overall vision and brand, but also free to pursue new paths to the company's goals, and new approaches to solving your clients problems. Make sure they are directly connected and collaborative with the key stakeholders within the machine, people who, in some capacity, can help make the transition from innovation to adoption.

Don't Become a Prisoner of Practice

While innovation must be managed thoughtfully as your company grows, the far bigger danger is that you become opposed to innovation – or even fearful of it. We once consulted with a partner firm where one of the leaders told us, “We are going to keep doing what we've been doing, even though we know it won't work to solve this problem.” When I asked why, he explained: “You have to understand – what our company values most is adhering to defined systems and processes. Even in this situation, where we know those processes will fail this initiative, we have no other choice but to follow the process, rather than innovating. Because as long as we follow the process, we'll still have our job. Even if it doesn't work.”



In his book *The Innovator's Dilemma*, Clayton Christensen exposes the danger of this mindset, revealing the price many brands paid for ignoring large-scale shifts in technology, and sticking to delivery methods that soon became outdated.

Though you've probably heard of them, it's a good time to remind you that brands like Kodak, K-Mart and BlackBerry once had their markets cornered, and ended up going out of business because of their failure to innovate. But for every Kodak, there is a Fujifilm, and for every BlackBerry, there is an Apple. These brands found ways to adapt and innovate, without sacrificing the profit centers, systems and processes that made them contenders to begin with.

By following the guidelines above, you can embrace insurgent innovation to enhance the success you've achieved, without causing chaos inside your organization, no matter what stage of growth and maturity your company is at.

Tarkenton excels at helping business leaders balance the wisdom of best practices with the ever-changing landscape of innovation. If you'd like to learn more about positioning your brand for sustainability, profitability and smoothly navigating change, schedule a complimentary call with a member of our business development team today.



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Will Adams is an experienced business executive who excels at forging strong alliances with partners, cultivating talent, devising strategic growth initiatives, and driving innovation and operational excellence. Beyond his role at Tarkenton, Will serves on the board of directors of Billfold and is a Principal of Tarkenton Private Capital. In these capacities, he's dedicated to identifying and nurturing promising new business leaders and innovation, shepherding them towards sustainable growth.