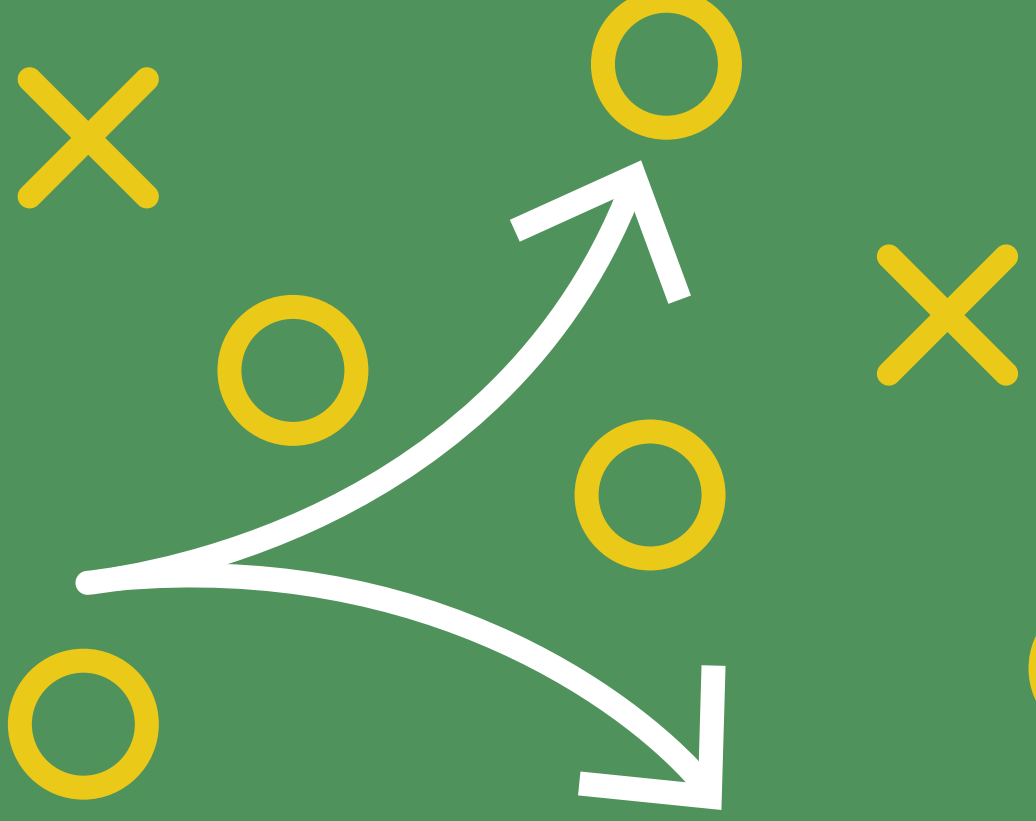

The Lean Entrepreneurship Playbook

A Practical Guide to Innovation in the Modern Enterprise

George Watt

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Table of Contents

About the Author xix

Acknowledgments xxi

Chapter 1: Introduction 1

Why I Wrote This Book 3

Do I Have to Do Everything in This Book? 4

How to Read This Book 7

What's in This Book 8

Chapter Sequencing 15

If You've Read *Lean Entrepreneurship* 15

Use of Fictitious Names in Real-Life Stories 16

Quickly Find Tools 17

Let's Go! 17

Part I: Before You Begin 19

Chapter 2: Why Innovation Fails in Established Organizations 21

1. People Build Things Nobody Wants 22

No One Is Immune 26

Why Even Good Ideas Fail in Established Organizations 27

"Project Sisyphus" and Beyond 27

2. New Ideas Are Managed Like Mature Businesses 29

Heavyweight Processes and Process Pageantry 30

Rise and Grind: The Hero Culture Myth 31

Friction 33
Great Works of Fiction 34
NoOp: How Over-Investment Killed a Startup 36
The Bottom Line 38
Fallout: How Heavy Internal Process Crushed an External Supplier 38
3. There Is No Consistent Approach to Help New, Innovative Ideas Succeed 39
Stephanie and Dinesh: A Story of Innovation Pageantry 40
Michael: A Tale of Bad Timing and Inconsistency 41
Consistent, Deliberate Decisions 42
4. Loss of Executive or Sponsor Interest 44
Cognitive Overload 45
Quarterly Cadence 45
Short-Term Measurements and Incentives 45
Lack of a Common Vocabulary 46
Insufficient Communication 46
Inadequate Alignment on Time Requirements 47
Budget Pressure 47
Reorganization 48
Innovation's "Messy" Nature 49
Battle Fatigue 49
Failed Committed Bets 50
Internal Competition 50
A Failure Ecosystem 51

Chapter 3: Why Innovation Programs and Initiatives Fail 53

1. Underinvestment 54
Initiative Funding Is Not Set Aside 55
Failure to Budget for Success 55

2. Poor Strategic Choices 57
Not Having a Deliberate Strategy 57
Building the Wrong Type of Initiative 58
Part-Time Innovation 58
Casting Too Narrow a Net 59
Building the Initiative in Isolation 60
3. Use of Innovation Funnels 60
Focus Only on the “Left Side” of the Funnel 62
Funnel Fatigue 64
4. Bias 64
HiPPO-Centric Bias 65
Cliquetocracies 66
Perception of Bias 67
5. Misalignment 67
Absence of a Common Vocabulary 68
6. Unhealthy Culture 69
Performative Innovation Culture 69
Unhealthy Internal Competition 70
7. Execution Errors 71
Ambiguous Ownership and Accountability 71
Lack of Follow-Up 72
Failure to Inspect and Adapt 72
Process Subservience 73
Inadequate Reorganization-Proofing 74
8. Poor Incubating Team Composition 75
Absence of Minimum Viable Teams 75
Placing People in the Wrong Roles 78

Importing Bad Habits....79
Insufficient Training and Support....80
Why Bother?....82

Chapter 4: Lean Entrepreneurship and Why It Matters....83

Don't Give Up!....83
Onward!....84
1. A Brief Introduction to Lean Entrepreneurship....85
Lean Experiments....86
Words Matter....89
2. Lean Entrepreneurship Principles....90
Lean Governance Is *Not* an Oxymoron....91
3. The Benefits of a Lean Approach....93
"*Does One Degree Matter?*"....94
Small Errors Are Compounded Over Time and Become Large Errors....95
Bringing New Ideas to Life Through Lean Navigation....99
Lean Innovation Reduces Risk and Waste....101
4. Avoiding Wasteful Committed Bets....101
So Much Waste!....104
5. Leveraging the Lean Advantage....106
Let's Get Started!....108

Part II: Preparation....109

Chapter 5: Assessing the Current State....111

You're Almost Ready....112
It's Not Time-Intensive....113
Don't Skip This Step!....114

1. What Is an Assessment? 114
2. Benefits of an Assessment 116
Trust Is Essential 124
Assessments Deliver 125
3. Begin with Goals 126
Leverage Your Primary Contact's Knowledge 128
Don't Feel Overwhelmed 129
4. Design with a Purpose (Optional) 129
5. Leverage Existing Knowledge Bases 132
Where to Find Secondary Research Information 135
6. Plan and Estimate Time Requirements 136
7. Create an Interview Guide 138
Structure 139
Go Deep 147
Prioritize 147
Set Landmarks 148
Interview Guide Template: Putting It All Together 149
Learn Fast and Iterate 152

Chapter 6: Conducting Assessment Interviews 153

1. Select Interview Participants 154
"How Many People Should I Interview?" 154
"When Should I Stop Interviewing?" 155
Diversity Over Quantity 158
Additional Considerations 159
Finalizing the Participant List 159
Choosing Your First Interview Participant 160
Leave Time for Adjustment 161

2. Prepare for the Interviews 161
Scheduling Interviews 162
Rehearse 164
Learn About the Organization and the People 165
Have an Initial Hypothesis 167
Check Your Bias 167
Be Well Rested 168
Prepare Your Environment 168
3. Conduct the Interviews 175
Respect Participants' Time 176
During the Interview 177
Taking Notes 182
Thank the Participants! 185
Ethics Matter 185
Pseudonyms 186
Back Up Your Data 187
Enjoy the Experience! 188
4. Review and Cleanse the Data 189
Be Deliberate, Make Time 190
Automatic Transcription 191
5. Update Stakeholders (Don't "Go Dark") 192
Stakeholder Conversations Are Always Valuable 193
6. Prepare the Findings 194
Begin at the End 197
Review, Reduce, Repeat 197
Schedule "Quiet Time" for Preparation 198
Why Progressive Disclosure? 198

Don't Wait, Iterate! 199
Themes and Discovery 199
7. Finalize the Findings 203
Additional Considerations 204
Become a Member of the Team 206
What's Next? 207

Chapter 7: Designing Your Approach 209

1. Decide What You Are Building 210
Decision 1: Toolkit, Framework, or Initiative? 215
2. Be Deliberate About Inputs and Outputs 216
Decision 2: What Will Enter the Initiative? 218
Decision 3: What Will Exit the Initiative? 226
3. Select the Initiative's Structure 229
Structure 1: Seed-Series 230
The Need for a New Structure 233
Structure 2: Explore–Experiment–Transition (Public Sector) 234
Structure 3: Incubate–Startup–Accelerate (Private Sector) 237
Alignment with Desirability–Feasibility–Viability 238
Decision 4: Select a Structure 239
4. Prepare a Detailed Design 240
Stage Overview 242
Detailed Stage Checklists 243
Ceremonies 244
Tools and Artifacts 246
Design Workshops 248
Be Roughly Right, Not Precisely Wrong 253

5. Engage Cross-Organizational Teams 253
The Impact of the Different Archetypes 254
Nuances Matter 258
The Impact of Portfolio of Initiatives 258
Additional Considerations 262
Investment or Funding, What's in a Name? 263
Public Sector Lean Canvas 264
It's Time for Action 264

Chapter 8: Finalizing Objectives 265

1. Be Deliberate, Be Intentional 266
Confirm Alignment 267
Be Unambiguous 267
Pause for Introspection 268
2. Objectives and Key Results (OKRs) 268
What Are OKRs? 268
How OKRs Work 270
3. Setting Objectives with OKRs 270
Three OKR Horizons 273
4. Set Your Initiative's Objectives 274
5. Establish Ownership 281
The Initiative Must Be Its Owner's Top Priority 281
External Ownership 282
Internal Ownership Advantages 282
6. Establish a Heartbeat (Cadence) 283
Set a Deliberate Cadence 285
Weekly Rhythm 286
Don't Set Monday Deadlines! 287

7. Obtain Alignment and Buy-in 287
Broader Alignment 288
What's Next? 290

Chapter 9: Communicating 291

1. Broaden Your Communication Scope 292
Don't Go Dark, Be Deliberate 293
2. Refine Your Communication Needs 295
A Structure for Informal Communication 297
You Won't Need a Massive Team 298
Leverage Existing Channels 298
3. Get Help 299
4. Communicate Proactively 300
Clearly State Your Intentions 300
Inspect and Adapt the Messaging 303
Set Expectations for Long-Term Gains 304
5. Communicate to Preempt Threats 307
Embrace Other Initiatives 307
Be Transparent About Restrictions and Timing 308
Be Aware of Innovation Killing Personalities 309
Beware of Overoptimism 310
Prepare People for the "Chaos" 311
Hardening Against Reorganizations 311
Additional Considerations 312
Summary 315

Part III: Build–Measure–Learn 317

Chapter 10: Laying the Foundation 319

Not a Cast of Thousands 321

1. Form the Initiative Team 322

The GEFN Advantage 323

A Lean Mindset 324

How Many People? 325

Start Small and Evolve 326

Stay Small but Mighty 327

Additional Considerations 328

Who May Matter More Than How Many 329

Characteristics of Good Initiative Team Candidates 329

Initiative Team: The Bottom Line 330

2. Form the Governance Team 332

Diversity Is Key 333

Build a Pipeline 335

Lean Governance Is Lightweight, Responsible Governance 336

Governance Is About People 337

Characteristics of Good Governance Team Candidates 338

Governance Team Time Requirements 339

Governance Team: The Bottom Line 342

Extended Governance Teams (a.k.a. Investment Teams) 343

3. Engage Advisors and Allies 344

The Advisory Team 345

Advisors Become Allies 346

Caveat: Adding Bench Expertise 346

Advisors Can Prevent Consequential Errors 347

Characteristics of Good Advisory Team Candidates 348
Advisory Team Time Requirements 349
Advisory Team: The Bottom Line 349
Incubation Team Advisors 350
4. Consider a Maker Team 352
Shared Maker Team 352
Characteristics of Good Maker Team Candidates 353
Team Relationships 353
5. Prepare a Budget 354
Consider Expenses Across Major Categories, Groups, and Functions 354
Team-Level Budget Considerations 361
Second Order Thinking 363
Understand When Expenses Occur, and Forecast Monthly or Quarterly 366
Unfair Advantage: Organizational Programs 366
Modeling Your Initiative 367
Priming the Initiative 368
Additional Considerations 369
Group Development 371
Summary 375

Chapter 11: Launching the Initiative 377

1. Capture and Select Ideas 379
Ten Steps for Capturing Ideas 379
Designing a Pitch Ceremony 380
Creating the Information and Material Candidates Need to Prepare for Their Pitch 382
Providing a Mechanism for Candidates to Submit Pitch Requests 383
Promoting the Initiative and Recruiting Participants 384
Accepting and Triaging Pitch Candidates 387

Selecting and Sequencing Pitches 388
Scheduling Pitches 388
Directing and Guiding the Governance Team 391
Adjudicating Ideas via a Pitch Ceremony 393
Informing Pitch Teams Whether or Not Their Ideas Are Selected 395
Priming the Pipeline 396
2. Onboard Incubating Teams (Entry) 398
Eliminating Waste by "Testing Out" 400
Welcoming Incubating Teams 401
Tools and Resources 404
Developing Good Habits and Guiding Principles 405
Consider the Impact of Cohorts 406
3. Allocate Initiative Team Time for Removing Obstacles (Unblocking) 408
4. Use 3P Reviews to Assess and Facilitate Progress 409
3P Review Format 410
Transition Request 3P Reviews 412
Scheduling 3P Reviews 413
Guiding the Governance Team 416
Keep It Light, Keep It Lean 417
5. Reward Participants 417
Final Considerations 419
Summary 420

Chapter 12: Measuring Performance and Impact 421

Where Do I Begin? What Can I Measure? 422
Two Measurement Classes 423
1. Measure Incubating Ideas 423
A Continuum of Measurement 424

2. Measure the Initiative's Performance 428
Measuring Flow 428
Initiative Performance Data 434
Automating Data Capture 442
Putting It All Together 447
Performance Metrics and OKRs 449
3. Measure Impact and Value 450
Value Migration 457
Putting It All Together 458
Additional Considerations 459
Summary 461

Chapter 13: Continuous Learning and Improvement 463

Beyond the Metrics 464
1. Retrospectives 468
Easy to Prepare, Easy to Conduct 469
Capture and Manage Actions 470
Learn Everywhere 471
A Few Things I Learned from Initiative-Focused Retrospectives 472
2. Proactive Learning 473
3. Leadership Development 474
4. Summits and Off-Sites 477
Team Lead Summits (Founder Summits) 477
Governance Team Off-Sites 483
5. Introspection 488
When We Are at Our Best/When We Are Not at Our Best 490
6. Role Clarification and Alignment 492

7. Incremental Learning 494
Additional Considerations 496
Summary 497

Part IV: Conclusion 499

Chapter 14: Conclusion 501
You Don't Have to Do Everything at Once 501
Start Small, Build Incrementally 502
Get Help 503
Be Opportunistic 504
It Is Always About People and Trust 504
Communication Is Paramount 505
Good Governance Is Also Good Guidance 506
Be Willing to Let Go 507
Watch for Drift 508
Never Stop Learning 509
Take the First Step! 509

Part V: *The Lean Entrepreneurship Toolkit* 511

Appendix 1: Initiatives-at-a-Glance, One-Page Stage Overviews, and Stage Checklists 513
How to Use This Section 513
Seed-Series Model–Private Sector Product or Service Scenario 515
Incubate–Startup–Accelerate Model–Private Sector Product or Service Scenario 530
Explore–Experiment–Transition Model–Public Sector Program or Project Scenario 547

Appendix 2: Ceremonies **565**

Appendix 3: Tools and Artifacts **661**

Index **745**

About the Author

George Watt is passionate about solving unsolved problems and applying technology in innovative ways to improve people's lives. Over his more than thirty years in the technology industry, George discovered innumerable obstacles to bringing new ideas to life in established organizations and, more importantly, how they could be overcome.

As VP of Strategy for a multibillion-dollar technology company – and faced with a challenge to design, deploy, operate, and evolve an innovative start-up accelerator program – George created what became the foundation of the Lean Entrepreneurship approach to enable others to overcome those obstacles.

Throughout his career, George delivered innovations of his own such as a knowledge base for a neural network-based predictive performance management solution, one of the earliest private clouds (2005), and a lightweight event management agent. George was also awarded a patent for securing protected content by identifying recording devices.

George has a broad range of experience, including leading global scientific research, worldwide innovation initiatives, and an innovative start-up accelerator for a multi-billion-dollar technology company; holding many national and global leadership positions and leading global teams spanning North America, Europe, Asia, and Australia; serving as a Technology Evangelist; and holding many technical roles such as Systems Programmer/Sysadmin and Systems Engineer.

George has shared his experience overcoming obstacles to innovation and new idea incubation in established organizations in two previous books: *The Innovative CIO* and *Lean Entrepreneurship*.

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There are pieces of every one of you in this book. Thank you.

CHAPTER 1

Introduction

This book is about choices.

If you've read Charles Dickens' classic story, "A Christmas Carol" – or if you've seen one of the many movies, plays, and other works of art based on it – you probably remember the pivotal scene. Having been confronted by two ghosts who showed him how the choices he made impacted his past and present, Ebenezer Scrooge was confronted by the spirit he feared most: the ghost that would show him the not-so-pleasant future his choices had designed. But then something very interesting happened.

Like a great lean practitioner, he asked an amazing question. "Are these the shadows of things that will be, or are they shadows of things that may be, only?"[1] Is this the future that *shall* be? The future that *must* be? Or is this simply the path that I am currently on? *Can* it be changed?

Though he did not get a direct answer to his question, he developed a falsifiable hypothesis that if he became a better person, his future *could* be changed. Then, like the great lean practitioner that he apparently was, Scrooge ran a series of experiments which largely consisted of doing good things for people and being a good citizen.

Fortunately for Scrooge, his hypothesis was confirmed. He had changed his approach, and his future. He had become, "as good a man as the good old city knew."

[1] A Christmas Carol, Charles Dickens, Chapman & Hall, 1843

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This vignette from a story written in 1858 hints that we've known about the benefits of a lean approach for a very long time. Long before Charles Dickens wrote his classic story. (I'll expand on this in Chapter 4.) Scrooge's success – his happy ending – began with a choice. That choice was the result of one great question – "Are these the shadows of things that will be, or are they shadows of things that may be, only?"

So, I will extend my opening statement. This book is about choices. Choices and questions… and answers. It is filled with questions, examples, artifacts, and tools to help you make *your* choices as you develop a way to ensure new ideas in your organization have the best possible chance to succeed. It includes information, experience, and anecdotes that will help you identify, anticipate, and overcome not only roadblocks to bringing those ideas to life but also obstacles to the initiative itself. It contains frameworks and archetypical examples that will help accelerate your deployment. More about that in a moment.

Terminology Throughout the book, I will refer to the thing you create to nurture new ideas and bring them to life as an "initiative," regardless of whether it is a toolkit, framework, mandatory or optional approach, incubator, or accelerator. The reason for this is twofold. First, it simplifies the reading. If I had to type all those things each time I referenced an initiative, this book would be longer than *War and Peace*. Second, though this type of thing is often referred to as a "program" (in fact, that's what I called the first one I built), as I will explain later, that word sometimes has a very specific meaning to certain groups. Using it might create confusion or misconception.

Why I Wrote This Book

It's hard to believe it's been five years since Howard Abrams and I wrote *Lean Entrepreneurship*. Its publication opened a lot of doors for me. It led to me meeting many amazing people and resulted in my working on some very interesting projects and assignments. People responded very well to *Lean Entrepreneurship*, but they wanted something more. The irony isn't lost on me that they brought this to me in the form of a question: "Is there anything out there that tells me *how* to do this?" "Is there something that explains how to create an initiative like the one described in the *Lean Entrepreneurship*, step-by-step?" There wasn't.

There were a lot great of books about how to become creative, how to be an innovative company, how to generate ideas. But what happens then? What do you *do* with those ideas? How do you give them the best possible chance to succeed – or not – based upon the ideas' own merits? How do you create the conditions for repeatable new idea incubation and/or innovation in an established organization?

That feedback provided me with two reasons to write this book: (1) People asked me to break the lean entrepreneurship concept down into additional detail and provide step-by-step guidance. (2) There wasn't anything like it. I wasn't certain that was enough, but as I engaged with people who were building lean entrepreneurship style initiatives on their own, I discovered additional needs.

First, it was not well understood that the span and scope of these initiatives can vary widely. They can be broad, full-service initiatives as was described in *Lean Entrepreneurship*, they might be smaller and more focused, bringing a single idea at a time through customer-problem fit validation, or they could even be a set of self-service guidelines that individuals or teams could follow on their own. This variety of choice is great, but things can go off course when different people in an organization have differing ideas of what the initiative will be, or when those responsible for the initiative set out to build the wrong thing. The results can be catastrophic.

Second, I saw unnecessary stress, false starts, and failures because people had not made the right choices early on. They had not asked the right questions. They had done too little, or done too much and made their initiative too heavy. They had built the wrong thing, or had built the right thing but it wasn't what others expected.

At times these setbacks were not the result of making the *wrong* choices. *Crucial decisions had not been made at all.* The people building the initiatives were not always aware of the questions to ask and decisions to make to ensure they were building the *right* thing. What made that situation more unfortunate was that even the "wrong" choice (or a suboptimal choice) would have been better for many of them. These initiatives are not immutable. They can be adapted. They can intentionally start small and hyper-focused and evolve as needed.

I discovered many additional reasons over time, but I will share only one other so we can get on to the topic at hand.

I am passionate about the success of others. It energizes me. *Anyone* can create an initiative like this. It would be incredibly disheartening to learn of people who could have but did not, or whose initiatives did not deliver to their full potential – or were shut down – because of a choice they did not make or a step they did not take. I want you to succeed. I want you to be aware of choices you can make, questions you can ask, steps you can take, and pitfalls you can avoid. I will explain how in a moment, but first let's address an important question.

Do I Have to Do Everything in This Book?

No.

That's the short answer. You don't have to do everything in this book, and you probably won't; at least initially.

This book covers a broad variety of design options and nuances, but you don't have to do everything in it to deliver a successful initiative. This is true across all elements of your initiative, from its size, to its scope, to its team composition, to the composition of the stages of the initiative, to what is selected to enter the initiative and the kind of thing that will exit. You could create a simple initiative that may only *find* ideas through what I refer to as the "pitch" stage. You could select ideas, bring them through one or two stages of incubation (i.e., the steps necessary to first determine whether an idea is worth pursuing and then to validate whether people would be interested in the solution you envision), not build a solution at all, and then send those validated customer problems or potential solutions elsewhere to be brought to life. The choice is yours, but it doesn't stop there.

Even if you wish to build a full-service initiative that encompasses everything discussed in this book, you don't have to build it all at once. You can build it incrementally using the same lean approach that you would encourage each of the initiative's participating teams to use. You could begin by creating a pitch mechanism alone. When you're satisfied with that you might create the resources necessary to enable participating teams to confirm people actually have the problem the team is trying to solve, that the problem is painful enough people would take an action to adopt it, and – if appropriate – that they would pay for a solution. As you are doing that, you could work to improve the pitch mechanism you built earlier. Then you could build a second stage that enables teams to develop and validate potential solution ideas for that problem; and do an even better job building that stage because of what you learned building the first two elements of your initiative. You could continue to build your initiative incrementally and inspect, adapt, and improve what you built until you have a full initiative.

Done that way, you may not even need to build some of the elements of your initiative for a year or more. You don't even have to set out to build the entire initiative that you envision. You could intentionally build

something much smaller in scope and evolve it as your needs change, and as you become better prepared to deliver something new. You could build an initiative that consists only of idea competitions or pitches. That's it. Later on you could evolve that to a more moderate initiative that might include de-risking, but not building, the solution. Then later build upon that.

Finally, even if you decide to build *all* of the components of an initiative described in this book, you don't have to build all of the parts of each stage or component initially. You can build a minimum viable version – perhaps more appropriately a minimum valuable version – of each stage at the outset, and then enrich one or more of those stages as your initiative matures. You could even have some fully developed stages initially, while others remain minimum viable versions.

In the interest of not filling the book solely with the breadth of possibilities, I'll stop enumerating them now. The bottom line is:

- You do not have to do everything outlined in the book.
- You do not have to complete every aspect of anything you choose to do.
- You can begin with a minimum viable version of anything you plan to include.
- You can start small and iterate, regardless of your final objective (do this!).
- You can begin with a smaller initiative and evolve it into something larger later.
- You could build an initiative that enables one team to incubate at a time, or you could welcome a dozen, or dozens of teams.

- You could create a toolkit, framework, or guideline that you make available in a self-service shared location so individuals can use it as they please.

The choice is yours. You can build the initiative that will best accomplish your objectives, and that will be the best cultural fit for your organization.

You can also leverage things you have already done. For example, if you already have a way to find and select ideas, and it's working well, use it. If you're not happy with what you have, you still might be able to preserve some or all of it. (Chapter 13 has some tips regarding how you might do that, and the Toolkit includes a step-by-step guide for performing retrospectives that will help you improve what you have.)

This book was written to help you build the initiative that's best for you. So, I wrote it so you can read it as you like. Let's look at what's inside, and how you can use it.

How to Read This Book

Just as you do not have to *do* everything in this book at once, you should not have to *read* everything in this book at once. Though it was written so it could be read in order, from start to finish, it was also written so that each chapter can be read on its own, in any order. If you have already performed some of the steps, you can skip those and get right to what you are interested in. In addition, I have included many section headings within each chapter so you can quickly skim through and find the information, questions, examples, or checklists you are interested in.

What's in This Book

This book consists of five major parts.

Part 1: Before You Begin

Part 1 of this book contains context and information that will be helpful before you begin your journey. It provides an updated introduction to lean entrepreneurship concepts, describes the reasons the approach is needed, reviews why innovation fails in established organizations, explores the most common causes *initiatives* like this fail, and provides a brief overview of the lean entrepreneurship approach. If you have read *Lean Entrepreneurship*, some of the concepts in Chapters 2 and 4 will be familiar to you, though each chapter contains information that was not included in *Lean Entrepreneurship*. I have noted the areas which were covered in *Lean Entrepreneurship* at the end of this chapter so it will be easy for you to find the sections you may want to skip.

Part 1 consists of three chapters:

1. **Chapter 2, "Why Innovation Fails in Established Organizations,"** describes the many reasons established organizations struggle to bring new ideas to life, especially those that are novel. It breaks each reason down and includes new case studies that demonstrate why organizations fail to innovate.

2. **Chapter 3, "Why Innovation Programs and Initiatives Fail,"** introduces the major classes of risk to innovation and new idea incubation initiatives. It breaks each risk down and describes why the initiatives themselves often fail so that you can recognize and mitigate those risks as you build your own.

3. **Chapter 4, "Lean Entrepreneurship and Why It Matters**," introduces the lean entrepreneurship approach and its principles, and explains why a lean approach works. It also includes an example that I have found very useful in helping people understand the value of a lean approach by explaining how people have been using similar approaches to other problems for hundreds, perhaps thousands, of years.

Part 2: Preparation

Part 2 is focused on the activities and preparation that must be done before you begin building or deploying your initiative. It discusses what must be done to ensure you understand the problem you are solving with your initiative, how to determine what to include, and what must be considered prior to deciding upon a final design. It provides design choices and archetypes, and explains how to do the groundwork necessary to ensure you build the right thing and are adequately prepared to deploy it successfully.

Part 2 consists of five chapters:

1. **Chapter 5, "Assessing the Current State,"** provides a guide to performing a simple, lightweight assessment of your organization's needs to ensure you build the right initiative. It discusses the importance of performing an objective assessment of the organization's current state, its needs, and the expectations of stakeholders and influencers before you decide upon an initial design. It also describes the many benefits of an assessment beyond its obvious value, discusses the steps necessary to conduct one, and provides tips regarding what to