Bridging the corporate and start-up world by creating “raise-up” companies

The development of a model that supports the creation of new ventures for corporate opportunities

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“Finally, a practical answer that touches upon c-level concerns”  Managing Director Accenture
While writing this graduation report, I recalled a conversation I had with Frido Smulders in September 2014. We were discussing a plan I had been developing for the entrepreneurship course Clean Tech Launchpad, when I asked Frido whether he considered my ideas to be both innovative and out of the box. Frido replied that this would depend on the size of ‘the box’ and which box I was referring to. From this point of view, he explained, my ideas were on the edge of the box, which I considered to be a very disappointing response.

However, writing this graduation report made me realize that being on the edge of ‘the box’ is actually the most important place to be, especially as a designer. This is that one place where there is a connection between tacit and explicit knowledge; where capabilities and opportunities come together and interact. We are currently living in the fast moving environment that we call 2016, where there is no need for additional content creation, but people rather strive to create integrated content. The process of integrating knowledge creation is time-consuming and not always equally successful. However, those who engage in it will be provided with a solid foundation to build upon which additionally generates longer lasting value.

Working for eight months at Accenture made me realize how both consultants and designers approach problems in their own unique way. There is little shared lexicon at hand in either of these professions that guides the way in which an innovative problem should be approached. It is for this reason, that I am convinced that this project will only partially be able to create value through the identification of characteristics. The rest of the added value that this research provides lies in the at a more personal level within the organisation being studied.

I want to express my gratitude to Frido Smulders as my graduate chair for supporting me throughout the course of this project. I am truly inspired and amazed about your capabilities to switch perspectives when approaching a matter and your ability to use analogies to transfers your knowledge to others. You have supported me in the people-oriented approach I envisioned for the research that provided me with the freedom to not only develop a great product but also learn and develop as an individual. I feel grateful for having been given this opportunity because it gives me a chance at utilizing a unique approach. Last, but certainly not least, I think it shows a lot of great commitment to your field of expertise to support a masters student while being on a sabbatical.

Furthermore, I want to thank Eva Frese for providing structure to me throughout the process of writing my thesis by helping me believe in the project and what I was doing. The PhD project of Eva shows similarities to this thesis, creating a shared mental model that resulted in interesting discussions throughout the entire process.
I want to thank you for your commitment and support and I wish you all the best in finalizing your amazing PhD project.

Most of the time during my graduation project I worked at the Amsterdam office of Accenture, where both Pieter Paul van Oerle and Daniel Visser are stationed. Right from the beginning Pieter Paul and Daniel made time in their busy schedules to help me find the way within the organisation. I want to thank Pieter Paul van Oerle for giving me the confidence and support I needed within Accenture to exceed my own expectations. It feels great to work with someone who is always enthusiastic and has an exceptional skill in focussing on the aspects that contain the most value.

In addition, I want to thank Daniel Visser for taking care of me and giving me the support I needed to survive in a corporate world. The entrepreneurial project that you started internally functioned as a boundary object to exchange findings. The conversation we had, helped me find and use the correct tone of voice that resonates both in the corporate and the start-up world.
In a nutshell

Executive summary

Innovations are the game changers within the value chains of our current markets by replacing the technologies as we know them. In these disrupted markets, start-up companies have become a keystone to change and their success stories have spread rapidly. This movement towards innovation drives individuals on a daily basis to start their own business, which in turn motivates large organisations to build bridges to target these start-up companies. Large corporations that are interested in creating new business models search for opportunities to tap into start-up networks to attract technologies and talented people. Likewise,Accenture has created her own way of connecting with the growing start-up movement by organising the annual Accenture Innovation Awards. However, Accenture recognises it could generate more business value by connecting start-ups with the corporate clients which was a trigger for this project to kick-off. To scope this research, there is a focus on the transition phase where both parties involved in a collaboration start cooperating towards exploitation of a business concept and integrating their knowledge.

It is no wonder that, given the growing importance of technologies in achieving success, corporate clients at Accenture have also spent a lot of time and effort to keep pace with technological progression. These corporates are always searching for opportunities to fuel their innovation funnel. Throughout time, several methods on how to innovate have emerged and developed from these corporates. However, corporates seem to have difficulties in moving from the exploration to the exploitation phase with their new business ideas. Move from one phase to another requires processing different information than that the corporates are used to, causing many collaborations with radical start-ups to end in failure. From this, it can be concluded that corporates do not lack the ability to gather knowledge on radical innovation to remain competitive; rather they need to learn to transfer from radical explorations towards successful exploitation. Being able to exploit radical innovations leads to a sustainable competitive advantage. It is what companies need to outrun competition and enables them to come up with “The Next Big Thing”.

Contrastingly, start-up companies are extremely powerful in exploiting radical innovations, thereby forming a serious threat by disrupting incumbent markets. However, start-up companies face other problems that make it difficult for them to reach a stable market position. The so-called “valley of death” that a start-up should cross in order to be successful not only consists of the need for financial resources, but also a unique market opportunity, technology opportunity, team characteristics, network, specialized industry knowledge and market access. So, there is a whole array of factors at play that could potentially influence the risk of becoming successful.

Over the past ten years, corporates have learned how to innovate and embed innovation capabilities in their organisations. However, they lack the explorative
behaviour and methods to exploit radical innovations which is why these corporates seek to partner up with start-ups. The transition towards successful exploitation of an explorative finding is essential in radical and disruptive value creation. Market research indicates that there is no development model that offers corporates the opportunity to collaborate with start-ups while also bridging the gap between exploration and exploitation, hence this research.

The design literature has led to the following requirements that a model should satisfy to exploit radical innovation in corporate start-up collaboration. These are requirements as follows:

- First, to integrate a start-up that is still searching for its product market combination in a corporate organisation, a corporate landing zone is required. Without a landing zone, an explorative project cannot be successfully connected to the corporate.

- Second, to support the explorative character of the start-up, the corporate should avoid integrating core characteristics of the start-up. This is referred to as the “corporate hug of death”, where the corporate negatively influences the positive and unique characteristics of a start-up: decision power, freedom, incentive, team, focus and culture.

- Third, to support the creation of radical innovation, the corporate should use different methods to measure radical innovations than the one used for incremental innovation. The requirements formulated at innovation stage gates do not offer the freedom to explore and pivot.

To meet all of these requirements, this paper proposes a "raise-up" as a solution: “An adolescent organisation, designed to explore and scale a business model”. Put differently, this “raise-up” bridges the valley of death and enables the corporate to exploit radical innovations. “Raise-ups” are created to exploit a unique market opportunity that the corporate faces and consists of a team of entrepreneurs and corporate specialists. Accenture supports these immature, high potential teams in their development by offering support on all risk factors to more easily bridge the “valley of death”. Building “raise-ups” is a unique model that is executed by Accenture between corporate clients and start-ups. It combines start-up and corporate characteristics to jointly create new radical value. “Raise-ups” provide competitive advantage, low financial and implementation risk, improved corporate alignment, and a proposition platform that is ready for scale-up.

The knowledge that is generated through this research from a theoretical perspective is translated into a practical solution for Accenture. To structure this approach from theory to practice, a process is defined that consists of the phases that a “raise-up” goes through: scout, develop and deploy. This process is supported through the creation of a Joint Innovation Foundry, where the “raise-up” tackles problems such as overcoming the corporate hug of death, creating a corporate landing zone, and the transition from open to closed innovation. Afterward, an implementation model is designed to support the integration of knowledge by identifying building blocks that should be developed and capabilities that should be adopted.

This thesis report aims to provide Accenture with a new perspective on value creation by advising the organisation on capability development towards the front end of new product development.
Introduction

where to start?

The trigger for starting this thesis was mainly through my personal curiosity. As a Strategic Product Design student, I wondered why Accenture, a traditional consulting company, finds itself working with start-ups. Accenture positions itself within the innovation ecosystem, mainly through the Innovation Awards it is hosting each year where over thousand start-ups battle each other to become Innovator of the year and win prices including national publicity. Having such a pool of innovation and talent at their disposal, made me wonder how Accenture followed up on the innovations there were being displayed at the Innovation Awards. During my first conversation with Accenture about this particular subject, it became clear that exactly this topic puzzled them too. The organization struggled with the follow-up phase of the Innovation Awards, where all the knowledge has been gathered but value creation was still a problem. It was during this meeting that the question was raised that resulted in the creation of the following design challenge.

How can Accenture enhance the business value generated by helping clients to innovate radically through the use of innovative start-ups?

Context
The problem that Accenture encounters is related to a larger movement at hand that is concerned with a vastly growing start-up community and corporate model that anticipate towards innovation. In line with this movement, cooperation between large firms and start-ups seems to be a perfect match and a logical outcome of this motion. On the one hand, corporates have the capacity to bring start-ups to a higher level by providing them with the capital, resources, power to scale and knowledge necessary to efficiently operate proven business models. Start-ups, on the other hand, are innovation partners of interest to corporates, as they provide access to innovative ideas, agility and the opportunity to take risks as a company. Combining both grants, corporates access to new radical opportunities that can contribute to their R&D process, while being developed as an external source. Unifying the corporate and start-up environment helps overcome the issues that have previously occurred, due to which many efforts of corporates in capitalizing the complementarities between both worlds have not lived up to their expectations and were quietly abandoned. As Klein, Conn and Sorra put it “[…] many organizations adopt innovations with disappointing results. The reason is not innovation failure, but implementation failure” (2001, p. 811). Corporates attest to this problem and anticipate by developing different business models that evolve around creating partnering with start-ups to integrate into the start-up scene (Mocker, 2015). However, despite these efforts to overcome past struggles, corporates face trouble in executing the models successfully, resulting in a loss of resources and even the end of innovative start-ups.

Accenture, in being a corporate, confirms this problem at hand in having to acknowledge that the percentage of the
start-ups that are mobilized through the Innovation Awards and result in successful value creation when exchanged with their clients is nihil. Therefore, this research will focus on the interaction of corporate clients at Accenture and their interaction with start-up companies. The research question at hand that provides insight into this problem is as follows.

**How can start-ups and corporates leverage their complementary skills and resources to conjointly create new mutual value?**

To provide an answer to the research problem, this report looks into the following sub-questions:

- What are the aspects in a cooperation model between start-ups and corporates that result in the highest shared value creation?
- What factors are essential in encouraging the creation of radical new value?
- What position should Accenture adopt to contribute to the creation of radical new value?

The findings from this research are translated into design requirements to shape a solution for the design challenge of Accenture.

This research strives to provide both an overarching answer on radical value creation between start-ups and corporates as an integrated answer. The integrated answer entails a model that is designed for Accenture to solve their challenge.

**Approach**

To develop an answer to the central question of this paper, an aggregation of methods is chosen that is best described by the IDER-model developed by Smulders et al. (2014). The following four elements of the product lifecycle development are iteratively practiced in this model: Initiating, Designing, Engineering and Realization (figure 1). Within the elements different activities are distinguished, where the transition phases between these elements are the most important. Smulders et al. (2014) emphasize that these transitions are key to the success of the process and refers to “project brokers” that are responsible for bridging the boundaries between the different elements in the model.

Where the majority of design models focus on the generation of new knowledge, the IDER-model emphasizes the transition phases that benefit the integration of knowledge. In relation to the IDER model

**Figure 1 (Adopted from the IDER model, Smulders et al. 2014)**

Action Research is chosen as the research approach where acting and researching are simultaneously executed (Lewin, 1946). The following definition of Action Research is adopted from Reason and Bradbury: [...] it seeks to bring together action and reflection, theory and practice, in participation with others, in the pursuit of practical solutions to issues of pressing concern to people, and more generally the flourishing of individual persons and their communities (2001, p. 1). Action Research and Design as a practice complement each other in working towards integrated knowledge. The IDER-model clearly indicates this complementarity and is therefore chosen as the model to make this approach explicit.

Design, as a practice, iterates not only in time but also across levels. It moves continuously back and forth between levels of abstraction and works towards a tangible result (Liedtka, 2010). In contrast, traditional consultancy relies on processes that are much more linear in execution without a defined overlap in phases, using a defined method to search for the best answer instead of experimentation towards a better answer. Furthermore, in terms of value, business approaches are in pursuit of control and stability where a design approach values the pursuit of novelty (Liedtka 2010). Therefore, different methods were used during the execution of this specific project to execute design research and iteratively develop the project. Specifically, this research highlights the first stages in the model that involve Ideation, Design and Engineering. The fact that each separate step encloses an IDER structure results in insights and requirements for realisation.
This thesis reports on the project in such a way that the reader is guided through the phase of exploring the problem, right to finding a solution for the problem that is addressed in this paper. The introduction provides a broader context of the problem at hand, after which an approach is included that is used to solve the issue. The grey boxes positioned throughout this report capture the more theoretical components of certain topics and serve as broad background information to the main storyline.

1. **Understanding the problem**
The contextual analysis explicates the problem situation for the stakeholders involved in the project, which are Accenture, corporates in general, and start-ups. This part is strengthened with theoretic literature that is validated and complemented by insights from experts in practice.

2. **Design challenge**
The design challenge is based on the initial question raised by Accenture, which thereafter has been enriched with findings from the contextual analysis. Creating a design challenge is a useful method for initiating a project that uses multiple design cycles to reach an integrated answer.

3. **Research question**
To gather information relevant to the Design Challenge a design research question is formulated to research the solution space where the design challenge is based on. The research question is stated in a way that both requirements for design and implementation are gathered.

4. **Answers to the research question**
In coming to an answer to the research question central in this paper, qualitative research was executed through interviewing experts, corporate representatives and entrepreneurs within start-ups. Afterwards, the insights acquired during these interviews are translated into design and implementation requirements to base the new model on.

5. **Solution to design challenge**
The insights gathered by answering the sub-research questions resulted in different requirements to design a model to solve the Design Challenge. In this solution part the model is described and detailed. By detailing the model a transition is made from theoretical knowledge towards a practical implication.

6. **Implementation**
To create value in answering the design challenge an implementation program is offered to incorporate the solution within the organisation of Accenture. The implementation chapter contains suggestions for building blocks and capability development, supported by limitations and the main risk factors.
1. Initial question

How to create more value in the follow up of the Accenture Innovation Awards?

2. Design challenge

How can Accenture generate more business value by helping clients innovative radically by the use of innovative start-ups?

3. Research question

How can start-ups and corporates leverage their complementary skills and resources to jointly create new mutual value?

4. Answer

By designing a radical new model where start-ups are created for corporate opportunities.

5. Answer

Build “Raise-up” companies “An adolescent organisation, looking to scale and replicate a proven business model”

6. Implementation

Requirements for implementation

**Figure 2. Reading steps through this report**
Situation Accenture

Internal view 2016

Accenture is a global management consulting, technology and outsourcing company with their Dutch headquarters situated in Amsterdam. Within Accenture, there are five departments; Strategy, Digital, Consulting, Technology, and Operations. Accenture serves a variety of clients in the sectors; financial services, health & public service, products, resources and communications, media & technology. In total Accenture has more than 373,000 employees serving more than 200 clients in 120 countries.

Accenture's has a wide client network and serves the full range of industries around the world. Their clients include 94 of the Fortune Global 100 and more than 80% of the Fortune Global 500 (Accenture, 2016). Accenture working structure is centrally organized making Accenture Amsterdam part of Accenture Europe. Since 2006, Accenture Amsterdam is organizing the Accenture Innovation Awards where start-ups are given a growth podium and the opportunity to connect to the network of Accenture. The executed internal and external company SWOT analysis supported by a trend analysis (Appendix A) resulted in in-depth knowledge that led to the following insights.

Accenture Innovation Awards

In 2016 Accenture celebrates the 10th edition of the Accenture Innovation award (AIA). For clients and start-ups the AIA is a well-known innovation event that has the goal to inspire clients to innovate and to help start-ups to connect and raise publicity. Clients of Accenture are actively involved in the AIA program to inspire them with the latest innovations and thereby showing that Accenture is a frontrunner in technology development. In the follow up of the event some of the start-ups are connected to clients of Accenture in Innovation Exchanges. The goal of the Innovation Exchanges is to function as a bridge builder and mediator between start-ups and corporates to foster the exchange of values.

After organizing an innovation exchange Accenture is not actively involved in the follow-up process. The Innovation Awards and the Innovation Exchanges are both marketing based and therefore do not generate direct business value for Accenture.

Accenture Capabilities

Accenture works with three pillars when integrating services at the client consisting out a triangulation of organisation, processes and IT. Accenture is known for its capability to scale and thereby accelerate large solutions and control the margining and structuring of the process. Accenture acquired FJORD in 2013, a service design agency, and positioned herself now as a renowned service design provider.

The unique positioning of Accenture on the intersection between corporates and start-ups is a capability that is directly related to the Innovation Awards. Besides building an innovation reputation at their clients, Accenture has a direct link to thousands of innovative start-up companies.
Market development shows that the position of consultant companies is more changing towards the front end of the development process. This movement is internally entitled rotating to “the new”. Within Accenture there is no specific innovation department that operates between Strategy and Digital and because of that, including a postponement in the rollout of FJORD in The Netherlands, the company lacks internal capabilities of a creative design agency.

Internal research shows that the services that nowadays are requested from clients more frequently relate to a cooperation construction in which clients and Accenture combining their knowledge to develop new solutions. This is a reaction to the high pace of technology that exceeds the learning curve of both Accenture and the client. Small highly efficient teams, that besides transferring their knowledge teach companies how to change, are integrated besides the large traditional transformation products. Accenture even stared building a start-up together with a client, indicating changing behaviour towards a more value-based relation with clients.

An important factor to take into account is that Accenture works like numerous consultant companies with Work Breakdown Structure (WBS) codes that are linked to a specific client project. Since the internal system within Accenture strives to have a 100% chargeability rate for their employees, there is little room for allocating time to develop new programs. With a minimal amount of resources and a quarterly financial return on investment targets the development of innovation offerings meets restrictions.

These insights are based on my overall work in Accenture over the past seven months and show a dominant working approach of Accenture that proves to be relevant as can be seen later in this report.
To understand the problem from a contextual point of view, literature on both corporates and start-ups was consulted and backed by more practical knowledge through the conversations with experts. This results in a description of the work procedures and related problem symptoms that together form the foundation, based on which a design challenge is formulated and a research question posed.

Corporates
Before diving into the corporate world, a shared mental model is created for the remainder of the paper by adopting the definition on corporates posed by Blank (2012). He states that a corporation or “corporate” is a permanent ecosystem of people with different needs, feelings and tasks that all contribute to the execution of a proven business model. Corporate culture surrounds this structure and determines how processes are executed within the organisation.

Although this definition provides some support in coming to grips with the definition of what a corporation entails, it does not allow one to fully grasp its content. Therefore, a shortlist of corporate characteristics is composed, based on the interviews with corporate representatives, industry experts, and relevant literature at hand. Combined, these interview results give an indication of the traits a corporate possesses. An important remark should be made concerning the applicability of these characteristics to all corporates. Companies like Uber, Facebook, and Tesla, for example, founded after the year 2000, do not display this specific set of characteristics and are therefore often labeled ‘Exponential Organisations’ (Ismail, S. (2014). Given this difference, this thesis focuses on R&D intensive corporates founded before 2000 and thereby exhibiting the following characteristics:

- Top-down and hierarchical in its organisation
- Driven by financial outcome
- Linear sequential thinking
- Innovation primarily from within
- Strategic planning largely an extrapolation from the past
- Risk averting
- Process inflexibility
- Large number of employees
- Controls own assets
- Strongly invested in status quo

Departments within a corporate are mostly driven by Key Performance Indicators (KPI’s) that measure results per quarter and monitor whether the department runs efficiently. Paradoxically, these very KPIs and processes that allow for companies to operate efficiently are the root cause of corporations’ inability to be agile. In today’s globalized economy, producing disruptive innovations is often described as the only way to stay competitive. “A disruptive innovation is a successfully exploited product, service or business model that significantly transforms the demands and needs of a mainstream market...
and disrupts its former key players” (Thomond, P., & Lettice, F. 2002, p4). Some researchers even argue that achieving sustainable competitive advantage is no longer feasible in many fast-moving industries (McGrath, 2013). Both perspectives imply a need for corporates to move faster in order to be able to keep up with the changing landscape that surrounds them. It should be noted that all the corporates still competitive in 2015 have proven to be fast enough in practicing innovation. However, the problem lies in the fact that corporates do not come up with “the next big thing” and merely produce incremental innovations. These radical “next big things” are often developed within start-up companies. To ensure future competitiveness, corporates should, therefore, learn how to become disruptive innovators.

**Corporate innovation**

Ever since 1975, Schumpeter (1975) argued that there is a connection between radical innovation and entrepreneurial behaviour. It has been shown that radical innovation involves the application of significant new technologies, or significant new combinations of technologies, to new market opportunities (Tushman and Nadler, 1986). This gives rise to new products, services or business models which can be developed into potentially disruptive value networks (Christensen, 1997). Ahuja and Lampert, (2001) concur with this and have extended the approach stating that technological breakthroughs leading to potentially disruptive innovations can be developed through exploring ‘novel technologies’, ‘emerging technologies’, and, ‘pioneering technologies’. Exploration includes things captured by terms such as search, variation, risk taking, experimentation, play, flexibility, discovery, and innovation (March, J. G. 1991). In the same research paper, Ahuja and Lampert argue that many organisations focus on maintaining a stable and efficient organisation to satisfy mainstream market. This forces the company to focus on maintaining their current position and prevents them from being an ambidextrous company, which has the capabilities to exploit disruptive ideas.

The possibility of exploiting disruptive ideas is related to investing creating sustainable growth by investing in initiatives related to horizon three described in the book of Baghai et al. (1999). Where horizon one and two focus on investments in core business and new growth business that contributes to immediate growth, horizon three focuses on experiments and initiatives that provide longer-term growth. This need of a corporate to investing in horizon three type of project is taken as the scope of this project.

The innovation culture that resides within corporates is changing from a mainly internal oriented structure to a more externally orientated one. This need to invest in partnerships as a means of external knowledge sources relates to extremely high pace in technology development that outruns internal R&D. Through the use of ‘open-innovation’ defined as “…the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively' (Chesbrough et al., 2006) corporates fill their innovation pipelines with new product ideas and technologies. Open Innovation business models offer the benefit of lower innovation costs, faster times to market, and the chance to share risks with others (Chesbrough et al., 2006). Besides that, the exploration of knowledge between different industries and/or companies has the potential for creating disruptive innovation. This is because the degree of knowledge that is added to the existing body knowledge of the company causes new opportunities to arise. The fact that start-up companies are bodies of new knowledge makes them attractive for corporates to integrate their knowledge into their development funnel. This movement has resulted in the need for corporates to come up with a model to structurally work together with start-ups, thereby exploring new ways of fuelling their innovation funnel. It ought to be noticed and understood that the definition of an innovation is “[…] a successful entry of a new science of technology-based product (invention) into a particular market”

Figure 3. Stage gate model adapted from Cooper
This implies that the information being gathered by approaches such as open innovation should be exploited to become an innovation. Research from Hayes & Fitzgerald (2007b) indicates an important finding related to exploitation, they argue that cross-boundary knowledge sharing in open innovation can be problematic because the organisational interface is at the same time the transitional interface between exploration and exploitation. Exploiting the acquired information implies, therefore, changes in the organisational interface of the corporate.

The follow-up development of this externally acquired knowledge is executed inside the corporate where the culture of exploitation and thinking overpower exploration and doing. The reason for this internally orientated and risk-averting behaviour is based on corporate characteristics, which is also an important instigator of the failed collaborations with start-up companies. Corporate Innovation processes are often based on the stage gate model as described by Cooper (1990, 2006), where each project in the development funnel obtains approval to proceed to the next stage. Stage-gate systems apply process management methodologies to measure the progress of the project in the innovation process. Each gate is characterized by a set of deliverables or inputs, a set of exit criteria, and an output (Cooper 1990,2006). In this model, the inputs refer to the deliverables that the project leader must bring to the gate. The criteria are the requirements upon which the project will be judged to proceed to the next gate. The outputs are the decisions at the gate, typically a Go/ Kill/Hold/Recycle decision, and the approval of an action plan for the next stage.

This stage-gate innovation model is unique for every corporate and follows a linear process starting with ideation, developing towards manufacturing and ends at a ramp-up.

Conclusion
Due to both the rapidly changing market environment and the fact that new disruptive companies capture significant market share of large organisations, corporates search for new ways to innovate radically to overcome these problems. Therefore, corporates initiate partnerships and open up their innovation funnel for external knowledge. Start-up companies are a welcome addition to the innovation process of a corporate, although traditional cooperation models still cause barriers to create radical value.

- Open innovation brings corporates a great amount of explorative insights.
- Corporates use stage gates in their innovation process to measure and assess innovations. This creates stability to the corporates and makes them excel in bringing new products to the market.
- Open innovation methods gather interesting content that is useful in enhancing radical innovation. However, problems arise when the radical content is integrated into the standardized innovation model that is only useful in measuring incremental innovation.

Based on the insights gathered previously, it should be concluded that corporates have an organisational problem where it is not the content that is causing troubles, but rather about processing the obtained content.
**Start-ups**

Start-ups in Europe are popular and over the last ten years an entire system of supporting institutions have emerged to help steer start-ups through their early days. Angel investors and venture capitalist are active, incubators and accelerators develop rapidly, co-working spaces emerge, and even government support is offered to help these brand new organisations in becoming successful. In addition, business schools worldwide teach entrepreneurship classes, offer start-up clinics, and a lot of corporates organize start-up competitions. Not surprisingly, either founding or working for a start-up is clearly surpassing working for an investment bank in today’s MBA students’ career plans (Weiblen, 2015).

In discussing start-ups, the following definition is utilized, which was adopted from a publication of Blank (2012, p17): “A start-up is a temporary organization in search for a repeatable and scalable business model.” On average, a start-up team consists of 2-6 persons who are often simultaneously the founders of the company and have invested their own resources to get it started. The entrepreneurs within the start-up team have a body of knowledge that they develop towards a need expressed by the market. In this sense, start-ups behave explorative and, because of their freedom, act extremely agile.

Throughout their initial development phase, start-up companies are forced to change their offering in a so-called “pivot” (Appendix B) for the following reasons: 1) The level of technology cannot be developed, 2) the needed investment cannot be collected, 3) the development time is too long or, 4) the target market changes which causes their initial plan to have a bad timing given the current circumstances. It is important to notice that changing the initially developed strategy does not directly imply failure of the business; it rather means there is room to explore new market opportunities. Specifically, it can act as a tool to discover additional growth potential that might have been overlooked otherwise. This agile behaviour displayed by start-ups is researched and translated by Eric Ries and introduced the book Lean Start-up (Ries, 2011) as a new approach in doing business. Instead of (over) emphasising the established business plan, Lean Start-up advocates building the product iteratively and deliver the product to the market to direct gather feedback (Eisenmann 2012).

In addition to the knowledge and insights provided by research conducted in the literature, interviews with experts have been held, which together result into seven factors that cause the potential for high risks within start-ups during the development phase towards a scale-up. These conclusions support the definition of Ries, who argues that a start-up is a human institution designed to create a new product or service under conditions of extreme uncertainty (Ries, 2011, p.27). These seven factors that were extracted as being instigators of risk are elaborated on in the next part of this report. Each of these separate factors contributes to the entrepreneurial uncertainty of translating the start-up into a stable company.

**Market opportunity**
The factor that generates the highest amount of risk is identified as the uncertainty if the service or product is based on an existing market need. It has been touched upon before in this research that due to the extremely high pace of technology, markets can change within a year. This implies that both products and services might have become useless after this short time period, because they do not serve the market anymore. Finding a unique market opportunity and constantly developing towards this market need is the only way to influence the success of a start-up. The potential to explore, pivot and build towards a market opportunity creates a high potential to disrupt the market. “In general around 50% of the start-ups in this incubator are trying to develop a product for an already changed market need” quote serial entrepreneur.

**Technology opportunity**

Besides finding a market opportunity, a start-up should be concerned with exploiting technological opportunities towards their target market. Finding such a technological opportunity is related to research and knowledge development. Technologies are often developed at Universities or specialized research institutes, which implies that a connection to either of these institutes increases the interaction with and potential for a unique technology opportunity.

**Team**

Another challenge is presented in the team composition and the knowledge that is available within this team that enables them to develop. Research of Franke (2008) shows that from an investor’s perspective industry experience, field of education and mutual acquaintance among team members are the most important factors that might have an impact. Start-up teams can be young, immature or experienced and guided by a team of serial entrepreneurs. As soon as the start-up starts to grow, hiring new people with different professional expertise to the team is not without risk, especially in the phase where the start-up is not yet making profit.

**Access to financial resources**

Starting a company is directly correlated with having high
financial risks and the initial uncertainty when the start-up starts to generate profit. A big challenge is presented in the so-called “Valley of Death”. The concept of the Valley of Death is originally applied by Markham (2002) and refers to a phase of high uncertainty for a company, during which it is concerned with offering the right product to the right market, in a limited time frame and with limited resources at its disposal.

**Network and specialized industry knowledge**

During the interviews, all entrepreneurs emphasized the vital importance of having a network, which was supported by several reasons. First of all, a broad network supports a start-up in finding the right people that are willing to aid the company by introducing them to new and potentially useful areas of knowledge. Within a broad network, start-ups are presented with the opportunity to tap into specific industry knowledge that is needed to develop their product or service.

**Market access**

To develop a product or service for a particular market, entrepreneurs should have market access, which allows them to identify an opportunity and to test the idea in practice. A start-up that developed their product without direct access to the market has a high risk of developing a product that is not aligned with the current market needs. Gaining access to a market by contracting partnerships will in addition result in third party dependency.

**R&D facilities and resources**

The limited resources available to a start-up are often used to enable the launch of a product, promoting it and seeking for future alliances. This often results into limited availability of resources to enhance the purchase of other more expensive resources or to use R&D facilities. However, access to research centres or prototype facilities is crucial to the further development of the company and its products, which is why this factor is ranked as being highly important.

**Conclusion**

Start-up companies apply unique methods and are supported by an entire ecosystem to grow towards a scale-up for the company. It is during this development phase that several aspects have a high influence on the potential for success or failure of the start-up. Each of the factors identified is crucial which implies that the inability to find either of these aspects will result in a delayed development process that might eventually even stop in the absence of one of the factors.

- Start-ups develop their own specific methods to move from exploration to exploitation. This movement is iterative and offers the opportunity to pivot towards a new opportunity.
- Start-ups are great in exploring market opportunities through agile and explorative behaviour.
- Finding a scalable and repeatable business model that can be used to exploit the idea requires support in, or access to, financial resources, technology opportunity, team characteristics, network and specialized Industry knowledge, R&D facilities and market access.
In the introductory part of this research, Accenture raised the question how innovative start-ups can potentially be connected to corporate clients to foster successful and fruitful collaborations. This question has been the point of departure for this thesis, after which in-depth information was gathered on both start-ups and corporates through a literature review and industry experts. Given the insights acquired during this phase, the information has been translated into a design question for this research.

Start-ups often possess a highly valuable content that has the potential to disrupt markets as they are. This opportunity that rests within start-ups makes them of potential interest to corporates who acknowledge the necessity of a shift in the current ecosystem. To exploit their idea and potential, a start-up team has to overcome several risk factors with which they are confronted during the development phase. These risk factors are the reason for the high percentage of start-ups who are not able to reach a stable market position. Corporates are interested in the behaviour of start-ups and engage with them to explore potential disruptive ideas. The assumption is therefore that corporates do not lack the amount of explorative insights; they lack an organisational model to translate these insights into value. Therefore, the problem for corporates lies in the transition from exploitation to exploration. It seems that corporates are not able to find a model to integrate start-ups without changing their current innovation model, which results in instantly damaging or even killing radical innovation.

In the case of Accenture specifically, the traditional way of consulting is changing and moving towards a shared development model. This new model is based on long-term value creation with clients. Based on the changing market position of Accenture and the insights that are found on both corporates and start-ups, the question posed at the beginning is now translated into the following design challenge:

**How can Accenture enhance the business value generated by helping clients to innovate radically through the use of innovative start-ups?**

This design challenge takes into account the different factors that are causing problems for Accenture to arise. A clear indication of the problem in the next section should create a shared understanding that functions as a foundation to build the solution on.
Design a model

Research question

Sub Research question

Answer 1.

Answer 2.

Answer 3.

Solve Design challenge
Based on the insights gathered by both researching the problem at hand and identifying the design challenge, a research question can be formulated. In the search for the right formulation of this design challenge, the following insights were recovered on a more abstract level.

Research shows that the present organisational model within corporates does not sufficiently foster radical innovation. In addition, there is no model known that is being executed by a consultancy corporate that offers the opportunity to innovate radically. Therefore, the goal of this thesis is to perform research to the transition from exploration towards exploitation of radical innovations. The following design research question is composed to gather requirements to solve the design challenge for Accenture.

How can start-ups and corporates leverage their complementary skills and resources to conjointly create new mutual value?

From this research question it follows that this entails both process and organisational aspects to gather requirements to design the process and the organisational model. The main question is divided into sub-research questions that focus both on the process and organisational part of the question.

- What are the aspects in a cooperation model between start-ups and corporates that result in the highest shared value creation?
- What factors are essential to encourage the creation of radical new value?
- What position should Accenture adopt to contribute to the creation of radical new value?

The first two questions emphasize the gathering of process- and organising design requirements. Process design requirements focus on the building blocks that are needed to compose the model. Organisational design requirements focus on the specific building blocks that are needed to integrate and adjust the surroundings to fit the new model in. The third sub-question focuses on requirements necessary for implementation that consists mainly out of organisational requirements.

The word ‘value’ is a central concept in all three questions, where value refers to the creation of knowledge that is necessary to solve the design challenge. The process question entails the creation of knowledge to build a new model, whereas the organisational question focuses on the integration of knowledge within the organisation. For a Strategic Product Designer the integration of knowledge especially is of high importance, or put differently, knowledge that is integrated equals design. It is for this reason that the third sub-question highlights the criteria for the implementation and integration of knowledge.

Research Approach
Due to the explorative nature of this research, a single case study approach was the most suitable research
method to generate a detailed understanding. (Silverman, 2013; Silverman, 2011; Yin, 2006). The research type was chosen that is in line with this method is qualitative research, indicating a focus on subjective experiences. It should be noted that a limitation of this type of research is that the researcher can potentially influence the data. Furthermore, only a limited number of samples can be analysed. This research is approached as a single case study within Accenture, where there is an emphasis on learning rather than searching for proof. Given this research design and method, semi-structured interviews are the most suitable to provide a source of rich and detailed information.

All interviews are executed using a semi-structured interview guide and are recorded with the approval of the interviewee. Directly transcribing the data and pre-testing the interview guide allowed to strengthen the reliability of the results and enhance the generalizability of the developed model (Yin, 2006). Since all respondents were Dutch native speakers, interviews were held in Dutch to increase the richness of the results and strengthen validity.

The recordings of these interviews have been transcribed and coded. In addition, validity was enhanced by communicating the scope of this research to the interviewees and offering the outcome of this report in return to their favour. The grounded theory approach is deemed a useful in analysing the data, because it allows for the generation and discovery of new theory out of the rich data extracted from the interviewees. “Grounded theorists use emerging theoretical categories to shape the data collection while in the field as well as to structure the analytic processes of coding, memo- making, integrating and writing the developing theory” (Charmaz, 1990 p2). Comparing and organizing the transcribed codes resulted in insights that were used to draw conclusions and answering the research question. The interviews had a duration between 30 and 80 minutes and were transcribed directly after the interview. In total, more than 2000 minutes of data has been recorded with the purpose of answering the research question, from which the following interviews are integrated into this report (figure x). Besides these interview, the implementation phase is supported by a workshop and several interviews in which the findings from the interview and literature are translated in propositions, and evaluated during these workshops.

The interviews conducted during the entire research period have been divided into multiple phases, each serving different purposes. In the first phase, the interviews had an explorative character that allowed for maximised information gathering. The conversations and observations during this first phase were combined with some interviews and resulted in a better understanding of the problem, which again allowed for more specific questions. After this first phase, which was more of an exploratory kind in nature, the second phase of interviews resulted in more in-depth focused questions that had the potential of answering the research question. In the third and last phase, which is an implantation phase, specific elements from this thesis are tested and evaluated. Figure x graphically displays the setup of this research and should enhance the readers understanding of the design used.

The transcripts of the interviews, including the data files, are included in appendix C of this report (not made public). Corporate one is a multinational FMCG company and corporate two is a multinational beverages company active in B2B and B2C sector.

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<thead>
<tr>
<th>Role/Department</th>
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<th>Sub research question 1</th>
<th>Sub research question 2</th>
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Figure x, sample size research
Before answering the main research question addressed in this thesis, the different sub research questions (SRQ) are addressed first. Figure x represents these specific topics and questions that have contributed to answering the sub questions.

Sub Question: **What factors are essential in encouraging the creation of radical new value?**
Answer: Start-up teams searching for a product market combination and corporates that offer access to unique market opportunities.

Following this, a process design requirement is formulated: to create radical new value in cooperation with a corporate, start-up teams should still be in their searching phase without having a defined product as they team up with the corporate. A product and process requirement indicates that the corporate should be explorative in the interaction with the team, working towards opportunity-based innovation.

Sub Question: **What aspects in a cooperation model between start-ups and corporates result in the highest shared value creation?**
Answer: A collaborative development mode, executed outside the corporate and facilitated by an external force who protects both the start-up and corporate characteristics.

This sub research question has a strong focus on the product and suggests a new collaborative model should be designed. A process design requirement derives from this which indicates that the facilitating party should have the knowledge and capabilities to facilitate start-up and corporate characteristics.

Sub Question: **What position should Accenture adopt to be able to contribute to the creation of radical new value?**
Answer: Adopt a facilitating position in creating new radical value by scouting for both corporate opportunities and start-up teams that are searching for a product market fit.

In answering this specific sub question, one is able to gather implementation requirements that show both product and process aspects. These process requirements should be aligned with the capabilities of the organisation, which is Accenture in this case. Therefore, the product requirements for implementation should be based on current building blocks and suggest the creating of new capabilities.

Given these sub research questions and the information that has been acquired to answer them, an answer has been formulated to the main question which was as follows:
Question: How can start-ups and corporates leverage their complementary skills and resources to conjointly create new mutual value?

Answer: By designing a radical new business model where start-ups are created for the sole purpose of serving corporate opportunities.

This overarching and integrated answer is based on the outcomes of the interviews and provides an evident indication of the direction that should be further explored to provide a solution to the design question. To design and implement the model in such a way that it is suitable to be used within Accenture, requires some more details.

Therefore, the answers provided to the sub research questions are used as requirements for the design and implementation. These requirements are partly concerned with product requirements that focus for example on the sequence in steps to be taken to be able to execute the model. In addition, the requirements related to the process requirements, which highlight the integration of the model throughout the organisation.

It has been specified before that all the sub questions for this research are in some way concerned with the creation of value. Value creation always relates to the development of knowledge. However, having people with knowledge as such does not result in the intended value creation. In addition to the possession of knowledge, a model should be created with the purpose of translating knowledge into useful aspects that can be practiced by an organization. For this reason, in answering the design challenge, the generated knowledge is translated towards a concrete model that is can be practiced by Accenture.

Besides offering a more practical solution to the problem faced by corporates, the model should help overcome three main problems. These problems were extracted from the interviews held for this research and are discussed in the sections hereafter. The figures show how the following main challenges are abstracted from codes that were assigned to quotes of interviewees. To intergrade each challenge in the model requirements are formulated. More detailed information on the formulation codes can be found in appendix C.
**Corporate hug of death**

The first and the most controversial problem is the “Corporate hug of death”. This definition is adopted from an entrepreneur who explained how his start-up was literally hugged to death by the corporate he was working together with. Once a start-up either merged with a corporate or is part of the corporate as an external business unit, the corporate will negatively influence the start-up by having an impact on some key characteristics. These characteristics that are a vital element of the start-up are: decision power, incentive, freedom to operate, team characteristics, culture, and focus (Appendix D). As soon as any of these traits is being influenced by the corporate, the start-up will immediately display dysfunctions. When the start-up does not have a defined product market combination the corporate hug will earlier influence the start-up characteristics. This is due to the fact that the corporate’s power of control limits the freedom to pivot and in addition influences the decision power of the start-up. This will result in a decreased agility and performance of the start-up. From a corporate perspective the hug is related to force fitting their standard behaviour to a project that instead needs a tailored solution. The capabilities (forces) that are needed to give the start-up positive hug are often not developed internally.

**Corporate landing zone**

The second challenge is adopted from a corporate perspective where a related term is used internally for allocating internal resources to projects. Research shows that cooperation with large organizations while aiming to create new radical value is almost impossible, because there is no landing zone for an explorative start-up idea within a corporate. A landing zone is an area where the corporate can link the innovation to company resources. Having no defined product market combination makes this almost impossible and therefore often results in corporates start-up cooperation’s with start-ups that already have their product market fit. The internal landing zone also refers to the criteria that are used within the corporate to measure and adopt innovations offered to the corporate. The lack of insights in this process makes it even harder for a start-up to “push the right buttons” when offering an innovation. Risk averting corporates without a strategy have therefore trouble cooperating with start-ups that are in the “valley of death” because the risks of failure are too high. Without a landing zone within a corporate, the explorative start-up has a minimal chance to connect and start cooperation. The following quote of an innovation manager explains the corporate landing zone in a practical example. “I tried to sell the innovation...”
Laurens van Dort

internally, we needed 200,000 euro to develop. Everyone was enthusiastic about the idea, however the decision makers wanted to see the product before allocating the resources. However the money was to build the product... It took me more eventually more than a year!”

**From open to closed innovation**
The third challenge relates to processing radical innovations for example start-ups that are scouted by the use of Open Innovation methodology. Corporates developed several methods to scout radical innovations by making use of Open-Innovation methods. To convert externally acquired information to a corporate innovation process, requirements are created in the form of stage gates to measure and validate the content. Measuring the innovation flow by stage gates requirements ensures that the quality is sufficient. However, the requirements that are designed to evaluate the innovation flow are often too strict, thereby giving radical innovations no chance to proceed. The radical content that is acquired by using open-innovation methodology can, because of a missing model to measure radical innovation, only be processed using the existing internal innovation stage gate model. This results in radical innovation not proceeding in the process due to incremental requirements at the gates. This again explains why corporates have a preference for working with start-ups who have a defined product market combination. “Corporates do have enough ideas, they miss the small scale execution power of ideas”. This quote of an expert clearly explains the challenge corporates struggle with when collaboration with radical start-ups.

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**Figure x, from open to closed innovation**

Corporates

Start-ups

Experts

Corporate hug of death

No landing zone

From open to closed innovation

29

Laurens van Dort
How can start-ups and corporates leverage their complementary skills and resources to jointly create new mutual value?

In radical new consultant model where start-ups are created for corporate opportunities

What factors are essential to support the creation of new radical value?

Start-ups need to be in search for a product market opportunity and corporates should offer access to unique opportunities

Searching start-ups

- Can pivot their solution
  1. Have no strict product market combination
  2. Have no high investments made
  3. Are not bound to investors
- Are in need of corporate capabilities
  1. Need external knowledge
  2. Need resources
  3. Need market access
- Easy available
  1. Do not belong to a company/investor
- Are explorative
  1. Ingredient for disruptive innovation

Corporate opportunities

- Unique insights
  1. Years of experience
- No corporate landing zone needed
  1. No implementation problems
  2. No internal problem owner needed
- Are explorative
  1. Ingredient for disruptive innovation

What aspects in a cooperation model between start-ups and corporates foster shared radical innovation?

A collaborative development model facilitated by an external force, protecting start-up and corporate characteristics outside the corporate organisation

Searching start-ups

- Can pivot their solution
  1. Have no strict product market combination
  2. Have no high investments made
  3. Are not bound to investors
- Are in need of corporate capabilities
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  3. Need market access
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Corporate opportunities

- Unique insights
  1. Years of experience
- No corporate landing zone needed
  1. No implementation problems
  2. No internal problem owner needed
- Are explorative
  1. Ingredient for disruptive innovation

External facilitator

- Addition of capabilities
- Add soft skills
- Neutral in the conversation
- Control the balance contrary characteristics

Outside the corporate

- Corporate culture is based on exploitation, structure and risk control
- Prototype facilities, creative environment
- Start-up should not be influenced in decision power, incentive, freedom and culture.
How can start-ups and corporates leverage their complementary skills and resources to jointly create new mutual value?

What factors are essential to support the creation of new radical value?

Start-ups need to be in search for a product market opportunity and corporates should offer access to unique opportunities.

Searching start-ups
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  1. Need resources
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- Do not belong to a company/investor

Corporate opportunities
- Ingredient for disruptive innovation
  - Easy available
  - Are explorative

What aspects in a cooperation model between start-ups and corporates foster shared radical innovation?

What position should and capabilities Accenture adopt to contribute to the creation of new value?

In radical new consultant model where start-ups are created for corporate opportunities

A collaborative development model facilitated by an external force, protecting start-up and corporate characteristics outside the corporate organisation

Addition of capabilities
- Add soft skills
- Neutral in the conversation
- Control the balance contrary
- Are in need of corporate capabilities
- Unique insights
  1. Years of experience
  2. Corporate culture is based on exploitation, structure and risk control
  3. Prototype facilities, creative environment
  4. Start-up should not be influenced in decision power, incentive, freedom and culture.

Explorative model
- No implementation required
- Create new opportunities
- No implementation problems
- No internal problem owner needed
- Ingredient for disruptive innovation
  1. Accenture teams have external industry knowledge
  2. Client Account Leads have internal market knowledge

Corporate culture is based on exploitation, structure and risk control

Prototype facilities, creative environment

Start-up should not be influenced in decision power, incentive, freedom and culture.

What position should and capabilities Accenture adopt to contribute to the creation of new value?

Adopt a facilitating position in building start-ups by scouting opportunities at corporates and scouting start-up teams that are searching for a product market fit

Opportunity scouting
- Key position at corporates
  1. Accenture teams have external industry knowledge
  2. Client Account Leads have internal market knowledge

Client knowledge by teams and CAL’s
  1. Industry knowledge at 80% of fortune 500
  2. Objective view market

Support with innovation strategy
  1. Innovation breakthrough workshops
  2. Innovation KPIs, start-up methodologies

Consultant view on company and market

Start-up scouting
- Connecting with start-ups scouts
  1. Selection of start-ups
  2. Start-up database

Innovation image
- AIA Access to entrepreneurs

Collaborative development model
- Explorative model
  1. Ingredient for disruptive innovation

Non-equity based
- 1. Misbalancing goals
- 2. Agile projects
- 3. Scale easier
- 4. Positive collaboration base

Combine resources
- No implementation required
- Create new opportunities

Facilitator
- Market position
  1. Partnerships
- Knowledge organisation
  1. Develop method
  2. Train/ hire people
- Develop soft skills
Answer design challenge

*bridging the valley of death*

The design requirements that were generated through design research are incorporated in the process to create a solution which should solve the design challenge posed. The development of the model is executed as an iterative process; making use of constant feedback loops to iteratively test the proposition with all involved parties. This chapter of the report is concerned with answering the following question: How can Accenture enhance the business value generated by helping clients to innovate radically through the use of innovative start-ups?

The solution proposed here is a program called “The Joint Innovation Foundry” (Joint-IF) which comprises two different components where “raise-up” companies are created for corporate opportunities. Before explaining the model more thoroughly, the concept of “raise-up” will first be described, as it is essential to understanding the model.

Once a corporate and start-up decide to combine their forces, the company that emerges as a result does not correspond to the definition of a start-up. Therefore, a new description of such an organization is added to the lexicon, which can be described as follows: “An adolescent organisation, designed to explore and scale a business model.” The organization described here is what is called a “raise-up”, which is created with high potential for scaling and is raised with the necessary resources and protection of its unique characteristics. Through the introduction of the raise-up company, the model introduced here overcomes the problems that traditional models are being faced with, as it offers the transition from exploration towards exploitation in a “raise-up” that is ready to scale. In theory, this scaling process should even be easier for a corporate due to the fact that the “raise-up” is built for the corporate to scale. By creating “raise-ups”, corporates are given the opportunity to make the transition towards exploiting radical innovation. The program offers full support on all seven aspects that cause the “valley of death”, causing the valley to be lowered and even shortened. Put differently: Accenture Joint-IF “bridges” the Valley of Death by creating a “raise-up”. To support the collaboration between the “raise-up” and the corporate, the Joint-IF program entails the second element where the corporate hug of death, corporate landing zone and seamless implementation are facilitated.

**Building a “Raise-up” from a theoretical perspective**

Taking a start-up as an example, the “valley of death” is often described only by a financial component. However, in the report that definition is adopted and extended with the earlier described risk aspects of start-ups, which are access to financial resources, unique market opportunity, technology opportunity, team, network and specialized Industry knowledge, market access and R&D facilities & resources. In general, start-up companies are challenged with searching for each and every one of these elements themselves. Therefore, it is reasonable to conclude that the amount of certainty or uncertainty that is related to the
development phase of a start-up can be categorized by the above-mentioned categories.

These seven classes taken together jointly determine the sum of the surface of the “valley of death”. Given this equation, offering support in all of these categories will therefore theoretically result in higher chances on success. The surface area (figure x) that is causing the “valley of death” is part of the explorative character that is inherent to a start-up. Therefore, simply giving a “raise-up” team access to all resources does not necessary result in immediate success. In contrast, this model only describes how offering support on crucial elements can contribute to the success.

Within the seven categories that form the surface of the “valley of death”, two phases can be identified. Phase one consists of combining a market- and technology opportunity to the right team. These factors are rated as the most important ones to build the foundation of the “raise-up”. Phase two consist of handing the “raise-up” support in financial resources, network and specialized industry knowledge, market access and R&D facilities and resources. The creation of “raise-ups” is extensively described to make the translation from theory to practice.

Facilitate the success of the “raise-up”

To be able to fully utilize the power of “raise-up” companies, a facilitating force is needed to build and integrate this solution at corporates. The Joint-IF program consists as mentioned out of the creation of “raise-ups” and the facilitation to cover the three main problems identified by earlier research. The design requirements stated after concluding on the three main problems are integrated in the new program. These design requirements, in combination with several iteration and feedback steps, are included in appendix E. Facilitating the model requires several practical implications that are already in place at, or should be developed by, Accenture. The capabilities that are not yet developed by Accenture are discussed in the implementation chapter.

Corporate hug of death

The term “corporate hug of death” originates from corporates that have tried to work with start-ups but were not able to find their product market combination. The “corporate hug of death” relates to the start-up characteristics that are literally hugged to death by the corporate. The paradox here is that these unique characteristics made the start-up of interest to the corporate in the first place. A start-up that is searching for their product market combination has freedom, incentive, culture, focus, talent and decision power. The radical innovation power of the start-up is slowed down or even stopped if these characteristics are pressured by the corporate. When building a “raise-up”, the characteristics are provided to the entrepreneurial team by the facilitation role of Accenture. To reach this point, several workshop sessions are held with the corporate to explain the interaction with the “raise-up” and innovation KPI’s are formulated. Using this method allows the “raise-up” team to remain in control while exploring radical innovations, whereas the corporate also experiences the feeling of being in control.

Corporate landing zone

During the phase where a start-up is still searching for its product market combination, it cannot be connected to an internal landing zone, which makes corporate start-up collaboration difficult. Such an internal landing zone allows a start-up to connect to resources and support. Moreover, the start-up is not aligned with the corporate strategy and is built with different resources that integrate different systems. The Joint-IF creates a corporate landing zone by building “raise-up” for a corporate opportunity to overcome the problem of trying to align two separate entities. Due to the fact that the “raise-up” is in line with the strategy of the corporate, it can act as a landing zone while keeping it unique characteristics. To be able to actually implement this, an innovation strategy should be created in collaboration with the corporate after a research program. The Accenture office in Amsterdam was recently extended with an Innovation Centre that could function as an ideal location to execute the innovation strategy program. A formulated strategy
Graduation report

on innovation will show the urgency within a corporate and with that, the dedication to the project. The created “raise-up” will be in line with the strategy and therefore it is possible to allocate corporate resources to it to enable a fluent program.

**Seamless implementation**

One of the challenges that withhold corporates from innovating radically with start-ups is the fact that corporates lack a method to measure radical innovations parallel to their current innovation process. When a “raise-up” is created for a corporate opportunity, the corporate can innovate radically through bypassing their existing innovation funnel. The radical innovation funnel contains the knowledge regarding the requirements related to the “regular” innovation funnel without the requirements being too strictly formulated. It can be labelled as prototyping the innovation process and thereby surpassing the corporate hierarchical decision making structure. By supporting the “raise-up” with resources, market access and expert knowledge, the “raise-up” can develop faster and more efficient than other internal projects. However, it should be noted that this innovation capability is not yet developed within the organisation of Accenture. Therefore, the chapter on implementation is concerned with how to develop this capability in such a way that Accenture is able to successfully execute the Joint-IF.

**Gaining Legitimacy**

Taking a look at the creation of innovative ideas leads to the conclusion that innovation is a collective achievement. For innovative ideas to be implemented and institutionalised, an idea needs to gain legitimacy. Gaining legitimacy involves “winning acceptance” (Suchman, 1995) for both the innovative idea and the people propagating it. This means that pioneers who are pushing the innovation have to trigger other people to pay attention to new ideas and convince organisational members of the advantage that this new idea offers over their current practices (van de Ven, 1986). In order to get the organisational support and resources from the corporate, a so-called ambassador or champion should be assigned. This ambassador or champion should be someone who embraces the idea already and is willing and capable of creating acceptance with the decision makers. The corporate landing zone can therefore be interpreted in two ways: for the created “raise-up” to land in the organisation and for the idea of building “raise-ups” to be landed in the organisation.

**Building a “raise-up”: from theory to practice**

The upcoming part of this paper is concerned with elaborating on the different parts of the model that lead towards the creation of a “raise-up”. On a process level, each of these elements will be discussed and will ultimately work towards solving the design challenge posed in this research. The three different components that form the process of building a “raise-up” are: scout, develop and deploy. Each of these separate elements will be discussed throughout the next couple of pages of this report. To be able to create a more complete and concrete model, process aspects are integrated with the model to connect it to Accenture specifically.

**Scout**

The first component in the model is concerned with the unique market position that Accenture possesses to scout corporate opportunities and entrepreneurs to create suitable “raise-up” teams. The scouting phase that is concerned with finding these opportunities contains multiple processes that ultimately results in the creation of a “raise-up” that is able to work on developing a corporate opportunity. These corporate opportunities consist of two main elements: a technology opportunity and a market opportunity.

**Technology opportunity**

Markets have become rapidly changing entities where technological competencies have become of major importance in maintaining and enhancing the competitive position of an organisation. Technological change is a key factor that comes in two influential forms: 1) It can be a creative force that stimulates the growth of an enterprise or 2) it could become a destructive force which
makes that same enterprise vulnerable to competition (Utterback, 1994). Therefore, knowledge on both relevant technological developments and trends is of importance in the creation of new developments. Consequently, a company should monitor the developments in the core technologies of the company and scan for possible new technologies that have a disruptive potential (Bügel, 2005).

An example of a method to gain information on such new technologies is called Technology Intelligence (TI). One method that can enhance TI capabilities and facilitate the sourcing of technology is Technology Scouting (Rohrbeck, 2007). Technology scouting has a focus on early stage technologies that do not have a time lag such as publications or patents. Besides the advantage that it overcomes this time lag, a personal contact is established by the scouts which create a base for the sourcing of technology. Furthermore, new technologies can also be scouted by exploring research grants that are often awarded for developing mature technologies. Scouting for these technologies can be executed both inside and outside the domain of the company. However, it is important to consider that cross-industry technology scouting increases the potential for radical innovations.

Technology scouting is defined as a systematic approach where scouts of companies gather information in the field of science and technology. Wolff (1992) argues that a technology scout is either an employee of the company or a consultant assigned part or full-time to the scouting task. In his article, Wolff explains multiple characteristics that are associated with a technology scout. These characteristics include being a lateral thinker, knowledgeable in science and technology, respected inside the company, cross-disciplinary orientated, and imaginative. These characteristics are partly related to an Accenture consultant that can be assigned to a specific industry to scout potential technologies.

**Market opportunity**

A market opportunity follows from a certain change in the market that provides a chance for something new or different. New regulations, newly available technologies or new market entrants are examples of factors that can cause change in the market. A number of studies have provided empirical evidence showing that crossing domain-specific boundaries is likely to result in a breakthrough or radical innovation outcomes (Enkel and Gassmann, 2010). Hargadon (2002) argues that most innovations are the result of a recombination of existing knowledge within a new context or constellation and therefore are often not based on knowledge that is new to the world. An effective means for the creation of inventive recombination is the use of analogy when applying knowledge from an existing domain to a different domain that requires explanation (Holyoak and Thagard, 1997). This approach is rooted in broader conceptual discussions on ‘analogical thinking’ and is mostly limited to knowledge or technology advanced within a firm or, at the least, within supply chain partners in the same industry (Enkel 2014). Hargadon and Sutton (1997) described the approach from a cross-industry perspective by letting managers draw on their broad expertise in different fields and function as knowledge brokers. Following this theoretical approach, employees at Accenture can function as knowledge brokers between industries for a specific corporate client. This new corporate opportunity should be somehow related to the knowledge domain of the corporate to be able to assign company resources to the project.

Consultants or company employees who possess a broader view on the market can scout arising opportunities as knowledge brokers. A market opportunity scout should have the following characteristics to see and understand opportunities that arise in changing markets: being a lateral thinker, knowledgeable in market change, trends, and development, industry orientated, and imaginative (Wolff, 1992). The function of being the Client Account Lead at Accenture is ideal for the execution of this function.

**Generating corporate opportunities**

Scouting technologies without combining them with market opportunities do not generate the intended cross-industry innovation value. Only when multiple opportunities and technologies are brought together and evaluated in a creative environment, the potential for corporate opportunities can arise. The formulation of corporate opportunities should be done with multidisciplinary a team that combines insights and directly tests critical assumptions in the market. “The biggest danger of an assessment tool is that people are with their heads in the sky without having their feed in the mud.” This quote from an entrepreneur who calls himself the “president of opportunities” underlines the need for testing opportunities in the market. The generation of a corporate opportunity is discussed in the Opportunity Generator (appendix F) of this report where the model is explained in more details.

**Scouting entrepreneurial teams**

Start-up scouting is not a new phenomenon; incubators and accelerators use it to connect start-ups to their programs. Investors who provide capital in exchange for company shares also use scouting as part of their business model. All these existing programs are focussed
on scouting successful teams that work on a potential promising product market combination. This makes sense because start-ups should have those two factors to become successful. However, not all start-up companies are working on a promising market opportunity as can be concluded from the interviews held for this research project. Therefore, the scouting process described here is different in that it has a focus on scouting start-up teams without a successful product market combination. These teams are perfect for forming a “raise-up” team. “Normally the team will fall apart in such a case, but we found a new opportunity that matched our vision”. The quote of a serial entrepreneur indicates how fragile an entrepreneurial team is, however, it also indicates an opportunity in pivoted teams who are looking to take on a new business opportunity.

Finding the right entrepreneurs can be done through different ways: attracting “raise-up” teams and scouting “raise-up” teams. In finding “raise-up” teams, scouting can be executed at Incubators, Accelerators, research centres and universities. An important other method to find the right entrepreneurs for the program is to attract them through programs related to the AIA. The integration of such a scouting program in the current innovation award program is illustrated in (appendix G). Teams of entrepreneurs are scouted or attracted to the program after the first corporate opportunity is formulated and validated. The specific corporate opportunity at hand determines what kind of industry knowledge and expertise is required for the team.

Develop

The second phase in the Joint-IF model is where scouted opportunities are developed into actual “raise-up” companies. This phase covers the whole process from the first connection of the corporate opportunity and a team towards developing a “raise-up” and controlling the process.

Creating a “raise-up”

Combining an entrepreneurial team and corporate opportunity through a matchmaking system based on matching characteristics or industry knowledge does not cover the whole spectrum of creating a successful “raise-up”. This is because the future of a successful “raise-up” fully depends on the commitment of each team member believing in the project. The matching process is therefore based on two different methods in the search for the optimal opportunity-team combination. First of all, the team is matched on the basis of characteristics such a professional experience, knowledge and skills. A second step that follows is the phase where the team explores the solution field by redefining the corporate opportunity business model. Through this approach, both characteristics and emotional factors are aligned before even committing to start the launch of a “raise-up”. This process preceding the launch is called the ‘Matchmaking Cloud” and is explained in full details in (appendix H).

The second phase within the Joint-IF process that is offered to clients at Accenture closely interacts with one of the core characteristics of a corporate. Research reveals how corporates are risk averse and thereby used to having full control over the development phase of a project. During the process of working with Accenture towards the creation of a new “raise-up”, corporate clients are forced to take a step back from being overly in control of a project to letting loose some aspects. Accenture, in their role as facilitator of the entire process, should stimulate this new experience of not having a hundred percent control over everything with their clients. This feeling of having let loose of some elements can be accomplished through multiple methods such as creating an innovation strategy. By shaping an innovation strategy containing innovation KPI’s the corporate becomes knowledgeable on the “raise-up” behaviour causing the feeling of control.

Based on the corporate opportunity an alpha version business plan is formulated and offered towards an entrepreneurial team. This should be carefully executed and in line with finding a possible match on paper. It is a great opportunity for a team of entrepreneurs without a current successful business plan to being offered to build a “raise-up”. For an entrepreneurial team and for the program it is highly important to have full commitment in accepting the opportunity. This is why the team should first explore the opportunity field of the alpha version business (pre-“raise-up”) before committing to the program. This program is detailed in appendix I. The program of creating “raise-ups” is continuously executed throughout the year and is an integrated service within the Joint-IF program.

Develop the “raise-up”

After the entrepreneurial team explores the field of opportunities, the team should commit towards the corporate opportunity creating a “raise-up”. This highly effective “raise-up” will start developing their product market combination. Accenture commits to the facilitation of the process and provides the teams with an external working space, including prototype facilities and resources on request. The corporate has previously, in
cooperation with Accenture, composed their innovation strategy and created an understanding of important characteristics and now commits to supporting the "raise-up" by offering their resources. The "raise-up" is supported to operate on a lean model, saving time and money in order to develop their product market solution as fast as possible. Every step along the way of the "raise-up" is carefully monitored and analysed, which allows for further improvements. First, this provides the opportunity for the team to be challenged further and second it ensures the right expert help is provided to improve the product ever more. During this development phase, both Accenture and the corporate client are parties that can and should provide resources to the "raise-up" on request through the Accenture Innovation Team. In addition, external knowledge can be acquired to complement the current team by scouting for new talent that is equipped with a specific skill set that has the potential to provide the needed support to the team in for example back-end development. This additional support can be sought either amongst the employees of Accenture or those at the corporate. A team member might be added to the "raise-up" team, given the fact that there is a good personal connection.

**Deploy**

After setting up and developing the "raise-up", this new company has reached the point where there is a developed product or services with a scalable product market fit. Thereafter, the third phase of the Joint-IF is next in the process. In the development phase, the "valley of death" is bridged and the product can be scaled by the corporate. The development phase executed by the "raise-up" eventually results in the transition from exploration towards exploitation. This deployment phase provides more information on how to successfully scale the "raise-up".

**From "raise-up" to scale up**

To provide more information on the scaling procedure of a "raise-up", the process of scaling a start-up is taken as an example from where the concept can be developed further. Scaling a start-up is ought to happen after a start-up has first decided on its product market combination and secondly has the certainty of repeatable sales by means of testing this in the market. In this phase the board of the start-up feels that they can systematically accelerate growth by assigning more resources to generate a higher output. These resources being assigned consist primarily of money, people and systems. The higher output being generated as a result by the start-up results in a higher market share for the company. Scaling the start-up marks an important phase for the company, as it marks a time during which the organization goes through a substantial transition that might cause turbulent and dangerous times. In his book "Scaling up", Geoffrey More describes several reasons why start-ups have a high chance on failure during this particular phase.

- The first reason being mentioned is for the start-up to know when they are ready to scale. Because this depends on judging market readiness, it is a highly volatile and difficult to grasp moment.
- More also cites that a reason for failure is often related to financial matters. While a start-up goes through the process of scale, more working capital is required within a relative short time period. However, if the start-up is not immediately able to acquire the customers, it will be bankrupt within a short time frame.
- The last reason why scaling a business can lead to failure of a start-up relates to the fact that the agility of the start-up is changing when the organisational structure of the start-up is changing. It is much more difficult to pivot or retool a company with 100 employees and several layers of management (Marmer, 2011) than it is to do the same thing with only 10 employees.

Scaling up a "raise-up" company that is based on a corporate opportunity and supported by the financial and human resources of corporates results in a situation with much lower scaling risk. Therefore, "raise-ups" are able to overcome the problems that most start-ups are faced with at some point in their growth process. Large organisations such as Accenture are great in understanding and supporting the scaling of businesses, due to their experience with these topics. These capabilities held by the large corporates should be offered to the "raise-up" to lower the risk and help accelerate their growth.
From this point in development, the “raise-up” is now called a scale-up. By scaling a business, new employees should be hired to execute a variety of new functions that have emerged through the expansion. Knowledge and expertise on hiring employees and creating a company culture can be transferred from corporate to scale-up. Once again, Accenture can play a crucial role in offering their expertise in scaling to the corporate. This can for example consist of offering people and systems international roll out.

**The Exit, seamless implementation**

To continue making the comparison with start-ups in explaining more about scale-ups, there are two types of start-up companies which determine the strategy that needs to be chosen. Entrepreneurs can build a start-up either with the intention to continue the start-up or to eventually make an exit. Research and real life examples indicate that not all entrepreneurs are capable of adjusting their skills to the capabilities that are needed to be productive in a larger company. Building a “raise-up” creates a middle way where both the entrepreneurs benefit by accepting a lower risk and the corporate benefit by scaling a company that is aligned with their strategy and resources. The scale-up that is created for the corporate is ready to be deployed in the market, which might be done in a variety of ways. Due to the fact that the scale-up is created with the resources of the corporate, the outcome is an alignment that results in seamless implementation within the company strategy. Alternatively, the corporate can decide to let other investors take an interest in the scale-up. In such a case the corporate strategy can be to gain financial profit from the scale-up at the exit phase.

Deploying “scale-ups” in the market causes a shift in the market position of the corporate. Where the corporate used to be on a stable level with its innovations that continued at an incremental pace, the scale-up has given rise to a whole new level of innovating. This transformation is based on organisational learning and the effect of attracting young talented people to the company (figure x).
Having control & Risk
Having the feeling of control is related to the understanding of the factors that can cause the feeling of no control. When acknowledging the risk factors the feeling of having control will increase. Creating a strategy that acknowledges the risk factors of radical innovation will therefore, have a positive effect on the freedom to operate for a “raise-up”. To support the feeling of control at clients an innovation strategy is shaped. The innovation strategy workshop will consist out of a program where the client learns how radical innovation programs can be integrated parallel to their current innovation process. In the Joint-IF program, several workshops are organized where obtained knowledge is shared to reach knowledge integration at the client. Within the workshop, the pivoting risk of a “raise-up” is discussed and translated in an organisational learning element. The innovation strategy contains a vision that builds commitment, enthusiasm, and excitement. This vision will form the foundation of the innovation strategy. From the development towards the deployment phase of the “raise-up” financial investments are made with particular influence on power division. Due to the development of the innovation strategy, the corporate understands how to work with the “raise-up” without violating the earlier discussed characteristics. Scaling the “raise-up” does not require implementation in the corporate organisation; the organisational structure and resources are already integrated from the beginning and aligned with the strategy. Without the need of integrating the project in the organisation will positive influence the requirements of the corporate causing less forced steering towards an obtained end result.

Different filters
The decision of investing in developing the “raise-up” depends on the involvement of the client in the process and the quality of the filters used by Accenture. As mentioned the Opportunity Generator supports the decision-making process by integrating the client in choosing promising opportunities before they are further validated. This process acts as a pre-filter to make sure that the opportunities are aligned with the client. In the second step, Accenture connects the opportunity towards a team by using the Matchmaking Cloud that will form the “raise-up”. The Business Model Prototype program works as another filter to develop de “raise-up” towards the expectations of the client. These expectations are managed by developing an innovation strategy and are supported by an internal product champion.
Business offerings

The development of the Joint-IF model is initiated based on a need for generating more business value at Accenture by making use of their market position and their connection with innovative start-ups. The innovation image due to the extra innovation offerings should result in more corporate clients that choose Accenture as their innovation partner. Once an organization is a client of Accenture, it has three different programs for partnership options in which multiple offerings are positioned (appendix K). These three programs are Innovation Exchange, Innovation Labs, and the Joint Innovation Foundry.

For a client of Accenture, the Joint-IF partnership is a way to innovate radically. To give an indication of the opportunity field that Accenture serves with this new partnership proposition, the matrix in figure x has been created. This figure displays how the Open-Innovation approach is positioned between corporates and start-ups, bringing explorative insight to the corporate. External agencies, hired by corporates execute their activities based on a corporate design brief and operate on the exploitative side of the y-as. The design brief results in a close relation to the corporate, which does not reach the radical innovation level. Contrastingly, “Raise-up” companies operate outside the corporate in the transition phase from exploration to exploitation and provide corporates with the option to innovate radically. The Joint-IF offers a program with explorative and exploitative offerings containing strategy, opportunity scouting and formulation, building of the “raise-up” and scaling support. The options of acquiring start-ups or scale-ups by corporates are not taken into consideration, based on the findings that these programs do not contribute the scope of this project which is shared new value creation.
Financial and investment model

Within the Joint-IF, there are two different streams of expenses for Accenture: consulting hours and out of pocket expenses. The latter of the two, the out of pocket expenses are direct outlays of cash, which may be later reimbursed. Figure x indicates the different building blocks and investment requires in terms of resources, time & expertise or financial investment.

The first building block of the Joint-IF consists of an Innovation strategy segment that entails three workshops. The expenses made in this first phase of Joint-IF are assigned to time & expertise of consultants who execute market and trend analyses, in addition to preparing and hosting the workshops.

During the second phase, when the “raise-up” is created, time & expertise investments should be made using the Opportunity Generator and the Matchmaking Cloud. When the program proceeds towards business model prototyping out of pocket money is invested in the pre “raise-up”. Expenses cover the loan of entrepreneurs, office space, and prototype equipment. Entrepreneurs are offered a gross salary of €2700 Euro that is in line with market standards. Pre-seed investment up to an amount of €15,000 is provided by Accenture to support the development of the opportunity towards “raise-up”. To lower the risk for Accenture, the pre-seed investment is integrated into the price when offered the Joint-IF to clients. If the pre “raise-up” shows promising results, the team is introduced to the client to allow for the growth of the “raise-up” company towards a scale-up organisation.

It is in the third phase of the program that investments have to be made to enhance the growth of the “raise-up”. The amount of money needed for investments is decided upon on a case-to-case basis, which means there is not one default option for every client. Usually, investments in start-ups are divided into multiple categories and seed investment is the first external money that is invested. The average amount of seed investment stretches between €50-100,000, but again, this might vary per case. Once the “raise-up” survives the previously discussed “valley of death” with the help of seed investments, there are multiple investment rounds, which are called series A,
series B, etc. During these investment rounds, shares of the scale-up are exchanged for investments made in financial resources. Through the inclusion of external investors, the percentage of the start-up owned by the corporate is lowered but the value of the shares increases. This indicates that there are multiple financial constructions possible, which should be decided upon on a case-to-case basis. C-level decision makers within the corporate can, taking into account their innovation strategy, invest own resources in the “raise-up” or open up investment possibilities for external investors.

The total price a corporate is confronted with from all the segments in the first two phases of the Joint-IF program is 300,000 euro (appendix K). Investing this amount of money provides the client with an innovation strategy, several workshops and a unique “raise-up” to exploit a radial corporate opportunity. There are different forms of offering the project to the client; it could be offered as operating expenses (OPEX) or value based. When charging the client for the OPEX, this client has the option of paying Accenture in terms or paying the total amount upfront. When the project is offered value based the clients pays Accenture when the intended goal is achieved and Accenture offers a “raise-up”. In addition to these two options, scouting market opportunities is also a possible offer Accenture can make to its clients, based on a service model with a yearly subscription fee.

The financial model for Accenture consists out of supporting in the scaling the “raise-up” by offering their knowledge, expertise. Besides that, Accenture can support by integrating their IT platforms when scaling up the “raise-ups”.

**Evaluation of the model**

Offering the Joint-IF program to a client results in the creation of business value for Accenture. This answers the design question on a theoretical level. By writing different offerings (appendix L), the model was evaluated by Accenture, corporate clients and a potential “raise-up” team. During the development phase, the model is tested in an iterative way to keep the connection to the market and to the clients of Accenture. This chapter discusses the findings of this final test phase and indicates several aspects that might be up for improvement.

**Testing within Accenture**

To test the theoretical framework within Accenture, multiple presentations were given to internal decision makers, during which the step-by-step approach was clarified. It was during these meetings, that a managing director and senior manager highlighted a few critical points that should still be considered and which will be discussed in the following sections. Both the managing director and senior manager are client orientated with experience in creating internal financial constructions. The transcriptions of interviews with both are included in appendix C (not made public).

It is regarded as being of crucial importance to discuss the issues that were raised, because the model should ultimately be embedded within Accenture and therefore be aligned with the internal organisation. To be able to make this implementation a success it must be accepted by the employees, which is what makes their feedback so viable for this model. The feedback being aired during the interview was mainly concerned with the financial risk and capability positioning.

**Risk**

“Risk and Accenture is the worst combination ever” is a comment that captures the essential element of reservations with regards to the model developed throughout this research. This rather bold statement was aired in response to the initial idea of letting Accenture co-invest in “raise-ups”. To anticipate to this critique, it has been translated in the Joint-IF by using current building blocks within the organisation to act as a foundation. The price of the Joint-IF now includes seed investment to lower the risk for Accenture. During the second part of the program, Accenture is not co-investing but instead offers its services to clients as an innovation consultant. Getting the risk level as low as possible will benefit the acceptance and implementation within Accenture.

**Competition**

Accenture is surrounded by smaller and highly competitive design agencies that are able to offer similar products for a lower price. During one of the negotiation processes with a client, the client stated the following: “You come with a big name so we expect a big price”. The dominant business model of Accenture is indeed based on large projects related to a high price. The comment was made on managing director level that by building new corporates (“raise-ups”) Accenture will be at the front end of the market in a mediating role. This underpins the internal need for change. Front-end innovation does not need a lot of traditional consultant work but rather requires facilitation skills and integrated knowledge to be at a client’s disposal. Due to the fact that Accenture has not yet fully developed innovation capabilities, niche players have more chance of being selected for projects such as building “raise-ups” due to their more profitable pricing. However, in essence, Accenture as an organization has a focus on the scaling process, so
integrating the importance of scaling throughout the model from the start enables Accenture to take a unique position in the competitive landscape.

- Financial perspective
  The financial investment question related to the model is one of the most challenging ones this research is presented with. To indicate possible obstacles with regards to the financing, a project which was executed parallel to this research is taken to serve as an example. In this specific example, a start-up was built in collaboration with the client. When Accenture offered a 50/50 deal, covering half of the cost by investing out of pocket money, the client agreed on cooperating with Accenture. A number of shares that Accenture received through the 50/50 deal, was bought back by the client a couple of months later. This success formula can be applied to the Joint-IF by splitting the out of pocket expenses 50/50 in combination with phase one charged COPEX and phase two value based. When the “raise-up” is offered to the client, the remaining costs of phase two are reimbursed. The difficulty that lies here is arranging the out of pocket money because there is not a fund available within Accenture that is concerned with these kinds of projects. Another underlying problem is that the process is not yet standardised and therefore not easily repeatable.

- Testing at Clients
  For corporate clients of Accenture, the Joint-IF creates the opportunity to innovate radically parallel to their other innovation processes. A proposition slide deck was created for the purpose of testing the offering in the market with corporate clients. The following comments are subtracted from the interviews that are included in appendix C (not made public).

  • Towards using “raise-ups”
    To integrate "raise-ups" as a way of enabling a transition between idea generation and internal development was accepted as a great idea due to several reasons. One, there is currently no department responsible for idea development which results in internal employees being assigned to work on this outside regular working hours. Second, there are no internal innovation capabilities to facilitate the process. Third, building further on developing innovation growth terrains that are based on innovation strategy results in internal alignment. Building a "raise-up" to realize the transition from opportunities in the innovation growth terrains into an actual product was received as a perfect addition to exploit innovation.

  “New radical approach; which has much more focus than just Open Innovation, good proposition, especially for Accenture as broker between corporates and start-ups” quote innovation manager

  • Internal sales
    Selling this plan internally meets several barriers in that it is new and the approach deviates from the standardised way of working the exist inside most companies. Therefore, to be able to sell the project internally, stakeholders should be convinced of the approach. However, it is important to consider the question whether stakeholders are able to accept that a raise-up will not always deliver? The following quote indicates the feeling of uncertainty; “There is a gap between an opportunity and the actual formulation of a “raise-up”. “I don’t see how within (corporate) I would be able to defend the start of a “raise-up”, without knowing in detail what we are going to deliver”. Managing expectations and decision power from a high-ranking person within the organisation is therefore key to promoting the “raise-up” approach.

  The following building blocks were suggested that would benefit the transition towards the “raise-up” approach. First of all, build upon the innovation urge. Secondly, set up an innovation strategy. Third, create an innovation fund to ease the transition towards value-based investment. The fourth is to develop potential ideas together with the client. At last, build “raise-up” companies for their ideas. Another corporate client of Accenture stated the following related to internal sales; “If Accenture offers opportunity scouting as a service and connects prototype workshops to close the gap, it is a model that would definitely bring value to the company.”

  • Towards exploitation
    An interesting discovery was made concerning the Open Innovation approach that corporates developed over the years. Open innovation will be reduced, as there is too much exploration and no vehicle towards exploitation. The integration of a “raise-up” methodology supports the internal need for exploitation and can be seen as a welcome addition to the innovation process. Besides this comment, the corporate indicated that they experienced the internal change moving from problem-based innovation to opportunity-based innovation. This is again in line with the program of building “raise-up” companies.

  “This model can facilitate moving from problem-based innovation to opportunity-based innovation. Getting to prototyping fast will help to close the ‘valley of death’”. Quote Innovation manager
Testing at experts
Testing the model at StartupBootcamp during a meeting that was organized with the director of partnerships of StartupBootcamp resulted in the following feedback.

- Transitional model
  The “raise-up” model that is proposed for corporates to bridge the transition phase towards exploitation, transforms the corporate organisation towards a new proposition. When looking at the model from a broader perspective, the model is repositioning the business model of both the client and Accenture. This is the part of the transition where corporates search for new partners to innovate. If Accenture wants to have a part in this phase of transition, it should invest in learning capabilities by executing the model. New market entrants like StartupBootcamp are also in a transition towards offering corporates their innovation power.

- Targeted open innovation
  The “raise-up” methodology could possibly be the new Open Innovation for corporates. It will generate a much higher value for the corporate to search and develop an innovation growth terrain. Therefore, the proposition should consist of unique capabilities that a corporate is not capable of developing in-house.
Implementation
towards integrated knowledge

It was been said that one of the most important aspects of design is the integration of knowledge. To foster this integration of knowledge, a sub research question with a focus on implementation was included in the research project. In answering this sub-question, the conclusion was drawn that Accenture was ought to adopt a facilitating position that calls for the capabilities to build “raise-up” companies. Not surprisingly, this answer results in a discrepancy between the current way of working and the capabilities present at Accenture, and the proposed model as it is designed throughout this paper. This gap is no surprise, given that this research proposes a radical new consultant model, that has not yet been used before.

To overcome this discrepancy between the current and desired future state an implementation roadmap is designed, which should give Accenture towards the practical execution of the model. The insights gathered from evaluating the model are integrated into the implementation building blocks.

Framework for implementation
The proposed implementation plan of the Joint-IF consists of multiple stages that fall into three main categories: preparation, execution, and evaluation. Put differently; the design focus shifts towards the realisation part of the already introduced IDER model. However, while emphasizing the realisation aspect of the model, this does not mean the connection with initiating, design and engineering is lost. Each on of these separate elements in the model has an internal IDER structure which, as has been mentioned before, ensures an iterative process. The scope of this report entails the theoretical part of realizing the proposed model, which means the engineering element is implemented in preparation to the actual element of realisation. In other words, this implementation plan acts as a “knowledge broker” from the elements IDE towards Realisation. However, it should be kept in mind that this research limits itself to the preparation of implementing the model through writing this report. Consequently, the actual execution and implementation of the plan are not within the scope of this project. There is a potential for problems here, in that elements from the first part of the project should be taken into account during the last part when it is actually being implemented.

To overcome potential hurdles with the actual implementation of the project later on, someone with knowledge about the first part should be assigned in charge. This person can be seen as a knowledge broker or innovation champion, earlier described in this report. Experience tells that the implementation of a project for which no one feels responsible for will certainly fail.

The team best suited and most capable of integrating this project within the organisational structures at Accenture is one that behaves like a “raise-up”. Although this might sound rather paradoxical, the implementation of this research actually compares to building a “raise-up” on multiple aspects. Through experiencing the
described hurdles that come with the implementation like the corporate hug of death, implementation, and a missing landing zone, the Accenture team learns the organisational capabilities by doing. This action-learning model thereby needs external expertise to indicate the right direction. Working eight months within Accenture offers the experience to assess the feasibility of directly implementing the Joint-IF, which is why the decision was made to work with two transition phases.

Phase one of the implementation has a focus on learning rather than proving and focuses on the integration of the process aspects of the organisation. First, the process elements should be placed in position by an innovation team that is created specifically for this end. Taking into account that organisational change follows process change results in building on motivation and drive from employees of Accenture. This innovation team should place some targets to explore the boundaries of the possibilities.

The second phase works towards the actual implementation of the Joint-IF. The capabilities learned in combination with the aligned building blocks create a solid structure to work towards realisation.

Accenture innovation team

There should be an innovation team created that will start implementing the Joint-IF by building “raise-ups” for clients. By executing a certain assignment more often, knowledge is developed to improve and better execute the task. This team is responsible for executing all offering related to innovation. Examples of these innovation related aspects are innovation exchanges, innovation Labs, and Joint-IF. This includes facilitating the workshop on the “corporate hug of death” and presence at the strategy project in formulating an innovation strategy. To create optimal functionality the department should be placed in an external entity that permits competitive pricing and organisational structures. The Accenture Innovation team will be the frontrunner of this business entity.

To cover the out of pocket costs that are made by investing resources in building a “raise-up”, an internal innovation fund should be created. An investment committee that is active in the Accenture Innovation entity should organize and control this investment fund.

The Accenture innovation team should learn facilitation skills and start-up methodologies in developing the right capabilities. The acquired service design company FJORD that is also placed in an external business entity should be involved in this process.

Capability development

Innovation Strategy workshop

Before even being able to start building “raise-up” companies, Accenture should develop an innovation strategy workshop. This workshop can be based on the innovation breakthrough workshop offered in the Innovation Centre and is concerned with shaping innovation growth terrains to create “raise-ups” for. Within the new innovation program several workshops should be developed. First, an innovation strategy should be formulated together with the client, based on their urge to disrupt their own business. Together with this innovation strategy, several innovation building blocks can be offered such as the creation of an innovation fund to financially support “raise-ups”. After the formulation of the innovation strategy, innovation KPI formulation and the explanation of the Joint-IF a new workshop is offered. This workshop is created around the “corporate hug of death” and how the corporate should interact with a “raise-up” company.

Innovation model

To develop the capability of prototyping an innovation model Accenture should partner with vanguard universities in combination with capability development by learning by doing.

For Accenture, execution of the Joint-IF will result in a new design process where new requirements are formulated to shape the process. The requirements will teach Accenture how to translate the current unexplored capabilities into capabilities that are embedded within the new organisation. The capability to for example prototype an innovation process is not yet described in the literature. This makes absorbing them by reading a book, not an option. Besides this, literature does also not answer how to develop such capabilities. Developing these capabilities requires therefore a new design process approach.

Innovation
Analogy and new consultant model

Analogy: playing soccer
The sub research question focussed on implementation resulted in several requirements for implementation. The requirements are divided into two subcategories for what the analogy of playing soccer match is referred to. Before playing a match, the soccer coach set out the strategy and aligns the players as building blocks on the field. However, without playing a match or training, the players cannot develop the capabilities that are needed to win a match. This is the reason why the team comes together 2 times a week to practice. For Accenture, who never played soccer, learning the capabilities will not be easy. Capability building is integrated knowledge building and requires time and effort. When bringing learned capabilities into practice, Accenture is differentiating from its competitors, building a strong competitive advantage. To support Accenture with positioning their players and handing them the right knowledge, multiple building blocks are suggested to support the program.

New consultant model
As earlier described, the traditional consultant model is changing into a more collaborative model where consultants and corporates work together in creating new shared value. This model requires also a new financial model. Where consultants used to be paid by the hour changes when the corporation is creating projects that will generate value in the long term. This movement results in the opportunity to offer more products value based enabling the Accenture to create a stronger position at tender projects.
Risks when implementing the model
The indicated gap between the current situation and the obtained situation to start with the Joint-IF is bridged by the implementation plan. This implementation plan contains several potential barriers that are discussed in this paragraph to indicate the possible pitfalls when implementing the model.

Accenture company strategy
The creation of an internal "raise-up" team that has the ownership of the project is promising for realizing the project within Accenture. This team should have all start-up characteristics to function as a "raise-up" however should be integrated into the company to provoke change. Critical points will occur related to the following characteristics; decision power, focus, and incentive. As mentioned this program should be executed under a supporting strategy. Without a strategy and the factors that align with the program the "raise-up" team will experience the same barriers as start-ups; corporate hug of death, missing landing zone and implementation risk. With other words, Accenture as a large corporate will meet the three main problems when integrating this project.

Business model paradox
The traditional consulting business model is based on two principles; hiring top talent and charging clients an hourly fee for gaining access to this talent with expertise. Customers pay for an end-result in this traditional consulting model, the new consultant model shifts more towards charges based on pre-defined goals throughout the innovation process in combination with the success of their innovations when entered in the market. This model, referred to as "value-based" consulting is starting to emerge within Accenture. With this model, the risk for clients is reduced however the risk for Accenture grows. Value based consulting, and moving away from chargeability rates requires a new way of financial construction and acceptance with shareholders. Besides that the Joint-IF is not standardised and direct repeatable. The creation of "raise-up" companies on case-to-case basis is causing a paradox in the current situation. To overcome this, the implementation model suggests some stepping-stones. It is possible to successfully challenge the traditional way within Accenture; the team has to be brave enough to do so. To conclude, Accenture generates enormous profits by executing their current business model shifting towards value based is not seen as urgent. A transition phase without feeling the urge is a potential barrier in implementing the Joint-IF within Accenture.

Another interesting paradox can be found in preaching for integrated knowledge and the average time an employee is working for Accenture that is around three years. The integrated tacit knowledge in the heads of employees faces high risk in being lost when only explicit knowledge is transferred.

Financial investment risk
Testing the proposition internally on Managing Director level resulted in the warning that there is too much risk involved when executing the model. Not only is there a risk at Accenture, there is also a risk at clients. For clients, the risk is situated at the chance of scaling the right "raise-up" and investing in the development of the "raise-up" and for Accenture, the risk is in investing resources in developing the "raise-up". The Opportunity Generator that is used to generate opportunities is an essential element in the creation of "raise-ups". Not finding a potentially interesting opportunity, due under developed filtering capabilities, can result in an early stop in the process. There is also risk in handing over a corporate opportunity to "raise-up" team. Besides the fact that there is a lot of work needed to develop the opportunity into a business that generates business, the opportunity remains of high value.
Conclusion & Discussion

final words

Since the start of this project, being innovative and enhancing innovations with regards to start-ups has gained more and more attention internally at Accenture, but also at its clients. All parties are starting to realize the consequences and opportunities that lie in interacting with start-ups. Therefore, providing advice in the form of this report combined with the practical implications it has given Accenture, is something that is highly valued within the organization.

The initial problem formulated by Accenture relates to the follow-up of the innovative start-ups in the exchange of value with corporate clients. To place this problem in a proper perspective, action research methods were used to research the value exchange between corporates and start-ups. Through a design perspective, the conclusion was drawn that low-value exchange between start-ups and corporate clients leads to problems in the follow-up phase. This touches upon market change and requires a shift in the business ecosystem between corporates, start-ups and consultant companies.

The proposed solution to this issue, which has been arrived at through this research, is the creation of “raise-up” companies. “Raise-up” companies provide corporates with the opportunity to exploit radical innovations and come up with “the next big thing”. This solution is based on research which indicates a transformation in the markets of corporates and requires changes in the current position of Accenture.

- The results from this project indicate that there is a market need that can be solved by Accenture creating the Joint-IF to support these “raise-ups”. This because Open innovation in corporates is not resulting in transitional interfaces. Therefore, the conclusion is drawn that investing in this project will offer Accenture a unique competitive position by creating a mediating position for them.

- The results of this project reveal that a change in the current business model of Accenture is needed to remain on the competitive front end of project development. The requested change will result in a paradox with the current business model of Accenture.

- Accenture should develop a business entity that can behave like a “raise-up” to support clients with innovation offerings. The Accenture Innovation Awards should be kept as an inspirational tool to discuss innovation and use it as a manner to sell the core business of Accenture.

Moreover, the solution provides an answer to the original design question which was as follows: How can Accenture enhance the business value generated by helping clients to innovate radically through the use of innovative start-ups?
Implications for further research
The time frame of this project only allows one to work on the initiation and design of the model, keeping an abstract level of knowledge on engineering and realizing. The integration of the knowledge and the learning for executing the model will tell if building “raise-ups” is reaching the obtained objectives. It is recommended for future research to use a design approach to research the integration of knowledge capabilities within Accenture. A follow-up design process is suggested as further research to research the realization of this project.

Since this research has a broad focus, not all topics could be addressed and specified in detail. Aspects such as the seven factors of risk can be further explored and the division of power between the start-up team, Accenture, and the corporate needs detailed research to find an optimal balance. A suggestion for further research relates to the changing positioning of consultant companies towards the front-end development process of corporates.

In addition, a future research direction worthwhile to develop further is to gain insights into the development of innovation capabilities at Accenture through prototyping an innovation model. Innovation capabilities are not yet developed within the organization nor described in the literature. It is relevant for Accenture to research their internal capabilities potential to prepare the company for a future market change.

Limitations of the research
The research findings where this project is based on belong to a single case study methodology. Consequently, the conclusion from this research is drawn is just a proposition and requires further research. In this study, the decision was made to gather information from a broader perspective, to be able to create a more profound understanding of the changes in the market. Therefore, the intended amount of interviews with other corporates and start-ups was not achieved. Future research could therefore be concerned with asking more corporates specific questions, which would validate the research further.

It would also have been interesting to replicate the study across a larger number of industries, to gather insights on different innovation processes including taking into account the risk for disruption in several industries by for example including the currently disrupted utility industry. The qualitative aspect of the research may have allowed for biased findings and own interpretation of the data gathered. The focus on translating findings towards a practical level is high in this research, resulting in a lower academic focus. This can be explained by the researchers belief in embedded knowledge.

Practical implications
The more practical implications for practitioners in the field can be roughly divided into two groups: consultants and corporates. Corporates search for methods to translate explorative findings into actual radical innovations and the model described in this report offers new insights to exploit these innovations. For consultancy companies, this research offers new tools that can be developed towards offering innovation capabilities. Furthermore, to employees working at Accenture and are concerned with innovation, the findings of this report can justify the investments made to develop the model. This in turn, might lead to internal acceptance and support for the model.

Developing new propositions at Accenture is part of business development and does not generate income for the company. This project offered, besides the results of the research, a translation to a practical offering that was even tested at clients. The practical outcome of this research is therefore highly valuable and can serve as a foundation to develop the offering further.