

Reducing Fuzziness in the Fuzzy Front End for Internal Corporate Ventures

- enablers for reduced ambiguity

Despite access to both resources and experts, large corporations in the high-tech industry lack prerequisites making them less innovative. Inspiration is therefore sought from external startups- new flexible ventures considered to be a major source of innovation, which has led to the emergence of internal corporate ventures.

Innovation is a widely known concept which has received increased importance in today's organizations. It generally refers to the introduction of something new with the purpose of increasing customer value or solving problems. Attention has especially been directed to the initial phases of the innovation process, namely the *Fuzzy Front End* (FFE), characterized by high uncertainty and ambiguity.

Managing the FFE effectively, has become essential in the development of innovative products, since it can reduce cycle times and costs related to product development. However, due to the fuzzy and insecure nature of this phase, it is hard for companies to successfully manage the FFE. Another emerging trend, is that of many companies seeking inspiration from external startups, considered to be a major source of innovation, to find new ways to be innovative. For example, corporate venturing programs have been established as an attempt to drive projects like startups. These project teams are referred to as *internal corporate ventures* (ICVs). Nonetheless, the culture, climate and context of an external startup are different from the ones of ICVs, which has an impact on the possibility of an ICV to act like a startup.

Due to the topicality of the FFE, focus has been directed to how ambiguity in this phase can be reduced for ICVs, by taking inspiration from external startups. The study is conducted as case study, based on a literature review and qualitative interviews with both ICVs and external startups. It resulted in the identification of eight key enablers, which could contribute to reduced fuzziness for ICVs in the FFE.

The key enablers are: *Usage of partnership, Usage of networking, Usage of pivoting to develop and refine ideas, Engagement of customers in the product development,*

Validation with others than customers, Usage of a proof of concept, An appropriate degree of formalization and Clearly defined goals.

Main challenges for the ICVs related to these key enablers are: the ICVs having too much of an internal focus, limitations and restrictions resulting from the brand and secrecy policies of the parent company and the degree of formalization in the innovation process, more specifically long decision-making-chains, time restrictions and bureaucracy.

Reducing ambiguity in the FFE for ICVs is easier said than done, mostly because of the organizational context of the parent company. However, there are advantages of being a part of a larger organization, which could facilitate the work of an ICV and create prerequisites for a more robust front end of the innovation process. The parent company could focus on creating an appropriate degree of formalization, encourage the ICVs to make use of the company brand to partner up with relevant actors, use networking to a larger extent, in order to increase external awareness, and take advantage of opportunities that arise, by being more risk avert.

After conducting this study, reflections over whether or not the FFE really exist in startup-like companies have been made. During the interviews with the external startups, it was hard to get a clear understanding of the beginning and the end of the FFE in their innovation journey. The findings indicated that the ambiguity has been periodic and various reasons for the fuzziness have occurred during different stages.

Hence, it would be interesting to further explore the FFE in startup-like companies to evaluate if the FFE really exists in smaller, fast-scaling companies!