

Transformational Strategy: Leading Innovation in a Fast-Changing Global Organization

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This article describes an initiative by Alcatel-Lucent, a company with a long and admired history of innovation, to accelerate its pace of innovation during a period of rapid and disruptive industry change. I have a particular interest in Alcatel-Lucent as I became part of one of its forerunner organizations, Lucent Technologies, when my company, Ascend Communications, was acquired by Lucent in 1999. In their quest for growth, Lucent acquired Ascend, along with 37 other companies, within a four year time span during the mid to late 1990's. It was a fantastic time to be in technology, as growth seemed boundless. However, the acquisition and integration of companies is risky and difficult during even the best of times. Undertaken at this scale at the brink of the telecom bubble collapse, the challenges to successful integration of 38 companies and their innovative ideas were nearly insurmountable.

In the face of a radically changed global business environment, Alcatel-Lucent's subsidiary in Belgium has taken the lessons learned and moved forward, introducing a new approach that emphasizes capitalizing on the innovative ideas of individuals in the company. The idea was to give individual contributors the tools to foster their entrepreneurial spirit and break down the silos and managerial boundaries that so often stifle innovation. Alcatel-Lucent provided their individuals with guidance and the right connections to successfully exploit their ideas, at the same time creating business opportunities that would benefit the company.

It has long been recognized that innovation is key to the success of Alcatel-Lucent. Alcatel-Lucent's Bell Labs has been in the forefront of innovation for decades, with many leading minds in technology innovation. However, it takes more than a creative laboratory to make innovation successful. It takes the diversity of thought and action from individuals in the company as a whole, to move ideas and concepts to commercial reality, through business planning, engineering, manufacturing, marketing and distribution in a global market place. Alcatel-Lucent Belgium recognized that major changes

would have to occur in the company in order to create an environment that encouraged involvement from all levels, provided the ability to work effectively across functional boundaries, and fostered the re-emergence of the entrepreneurial spirit it once had.

Many ideas that were not being capitalized on were "under the radar" of company decision-makers, as there were few if any channels through which an individual could relay a new concept or business idea up to the management team. Silos within the organization often prevented communication

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A key element of Alcatel-Lucent's change process was to create an environment that would encourage risk-taking. They wanted to find hidden talents within the company and redeploy them into new areas of the company, encouraging entrepreneurship

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and collaboration between groups, hindering a team effort in formulating new ideas. Alcatel-Lucent was a powerhouse for technology innovation, but with large competitors like Cisco Systems and Ericsson they had to find new ways to create and develop ideas to stay ahead. Somehow the innova-

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The change process began with the creation of an Innovation Board, consisting of the CEO and the leaders of all the business units in Alcatel-Lucent Belgium. It was recog-

nized that a powerful guiding coalition of leaders was necessary in order to achieve the level of buy-in required of employees. Alcatel-Lucent knew that to be successful, the leaders had to be involved throughout the change process, and they had to champion the change with enthusiasm.

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Next to be launched was the Alcatel-Lucent Innovation Task Force. Its mission was to create new opportunities for the company by connecting the talent and ideas of people throughout the company. This team helped to communicate the new company vision. The Innovation Task Force promoted the program through company meetings, brochures and the Intranet. They created a website where ideas could be posted and opinions expressed about the ideas. The website was open to everyone, creating an environment that transcended traditional organizational boundaries, allowing everyone to speak freely about their innovative ideas. By widening the circle of involvement, connecting people and ideas, creating communities for action and embracing democratic principles, Alcatel-Lucent was embarking upon a new paradigm to help them be more successful in today's complex business environment.

Alcatel-Lucent's first attempt at fostering innovation through this system tried to promote the collective effort of individuals in expressing their ideas. The Innovation Board encouraged ideas by conducting a contest in which the prize was a car. Through the website 150 ideas were presented in five months. All ideas were reviewed and one was selected as the winner. At first this initiative was deemed a success, but ultimately the leadership team discovered that using a prize in this manner was a bad practice. There was one winner and 149 unhappy losers, the program was not sustainable, and none of the top 11 ideas made it to market.

The process clearly had to be re-evaluated. The Innovation Board had to get people's

involvement without dangling a prize in front of them, and they had to establish better criteria for project selection. The ideas had to become more than just ideas. The ideas had to be of significant value, and it had to be demonstrated that they had the potential to be developed into meaningful,

profitable ventures for the company. Ideas had to align with the core market of the company, or align with a market segment that the company envisioned pursuing. The idea needed to be achievable as a business venture within a reasonable timeframe. Since an idea that becomes a successful venture has to have the inputs of many different talented people along the way to commercial reality, ideas had to be accom-

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panied by full business plans that the company could implement.

What came out of this re-evaluation was the Entrepreneurial Boot Camp, a program that consolidated the resources needed to support the pursuit of innovative ideas and to create business opportunity plans from those ideas. Through proposal development, selection of plans, funding and securing of venture capital, people now had the opportunity to express their ideas on a level playing field and, potentially, see them become a new business within the company or with external partners.

The Entrepreneurial Boot Camp addressed the shortcomings of the first attempt. Clearly defined criteria were established for ideas to be considered. Teams were encouraged to be formed through what was termed a "dating event:" a five minute presentation by each person with a new idea and a gathering in the lunch room to talk and collaborate, leading to the formation of diverse teams to carry the ideas to the next

level. Coaches from the executive management level were provided to the teams to mentor them and help form connections to the right internal and external resources and encourage collaboration. Alcatel-Lucent also incorporated business school professors into the Innovation Boot Camp process, to teach business plan development principles and to share personal wisdom from their own past experiences.

The Entrepreneurial Boot Camp was not for the faint of heart; there had to be passion for the idea and a commitment to see the idea through the review and development process. Participants had to commit to a three-weekend experience. During the first weekend they were trained in developing a successful business plan, new venture creation, and opportunity development. In the second weekend the training covered entrepreneurial marketing and new product growth. The final weekend moved into legal, finance and intellectual property rights. The goal was to give participants

the tools required to create a business case for their idea, through 80% coaching and 20% theory.

As ideas moved through development in the Entrepreneurial Boot Camp, the participant teams had to present their new business plans to a jury. The team's speaker had just 15 minutes to present the case to the CEO, CTO, and CFO of Alcatel-Lucent Belgium, five venture capitalists, and approximately 150 employees. Being fully prepared and passionate about their ideas was critical. In this stage, the teams presenting the new business opportunity received high exposure to top management, and were able to connect with them and share information. This is important in order to develop trust between employees of the company and the management team, and to break down the walls that inhibit innovation and entrepreneurship.

Once a business opportunity is selected, it must go through an incubation period dur-

ing which a fast prototype is developed so that something can be shown to potential customers and where the opportunity is further validated within the targeted market segment. As a result, the plan may be modified to increase the probability of its success.

Not every idea brought into the Entrepreneurial Boot Camp is accepted – in fact only one out of five is. There thus had to be a post-boot camp feedback process, to help the teams understand that it is the journey – the learning experience – that is most important. Being prepared for the high probability of not making it to market is tough, and Alcatel-Lucent does not want to see their people discouraged from the results. Hence, feedback is provided to each team as to why their business plan did not make it. They are encouraged to improve the plan on their own. This process helps to insure that they will try again, and that others will follow.

The program is still young, but the results so far are encouraging. In the first two years since inception, two projects have been developed into new market opportunities and several others were transferred directly to existing product groups. Expansion of the program is considered critical to the success of Alcatel-Lucent, and they have decided to expand the Entrepreneurial Boot Camp concept from Belgium into other locations. The Entrepreneurial Boot Camp is now also run in Paris, France, where they have teamed up with local business schools to help create the same type of environment that has been so successful in Antwerp, Belgium. In September of 2009, the first Boot Camp was conducted in North America. The next countries slated for Boot Camps are China and India.

As Alcatel-Lucent expands the program into

other countries, they are taking into account local and cultural differences and reflecting those differences in the program, customizing the program for each country to insure acceptance of the program and to capitalize on the wealth of knowledge that others from different cultures have to offer. They also have to determine market differences, as every country has unique market opportunities that Alcatel-Lucent can capitalize on or must be sensitive to. It is also important to know what the scale of the program should be and the cost of the program for each of the new areas they move into in order to insure successful implementation.

In addition to spreading the program internally, Alcatel-Lucent has promoted the best practices of the program to some other companies in order to explore the possible setup of joint Boot Camps in the framework of collaborative innovation. Currently Johnson & Johnson, the Picanol Group, Merck Serono, Swift and others have adopted similar practices.

There are many theories about organizational change and how it should be done, and there are many pitfalls along the way that can destroy even the most sincere attempts to change an organization. Alcatel-Lucent in Belgium, in an effort to change the culture and business strategy of the global Alcatel-Lucent, has created an incredible innovation program. Management has fully bought into the program and is intimately involved in every step of the process, showing full commitment to the employees of the company. They have been able to bring to light innovative ideas of everyday folks in the company, they have created synergies through collaborative meetings, and ideas are becoming business plans that can be evaluated for their potential to grow the company. Silos within the organization have been successfully

breached, and this has created new networks of employees that can do more. They have successfully crossed difficult global boundaries in their quest for innovative ideas and have been able to apply globally an approach that is sensitive to the cultural and market aspects of each region.

If the passion of Dr. Guido Petit, Director of the Alcatel-Lucent Technical Academy in Belgium is any indication of how people within the company feel, Alcatel-Lucent's strategy will be successful. Their initiative will offer a new model of organizational change for other companies. Dr. Petit said you must be an evangelist when creating change within a company. You can get a feeling for Dr. Petit's passion by watching the videotape of his presentation, Innovation Leadership in a Fast-Changing Global Organization, given at the Eighteenth Annual Conference of the Howe School Alliance for Technology Management, Leading in a Changing Environment, at

<http://howe.stevens.edu/video/petit-hsatm-2009/>

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This overview description of one of Alcatel-Lucent's innovation initiatives is based upon an interview with Dr. Guido Petit, Director of the Alcatel-Lucent Technical Academy, August 6th 2009. The author is grateful to Dr. Petit for permission to publish this description of the process and to use it to formulate his own views of the program. ■

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