CAKE
UPTOWN
CAKE

Pinnacol Assurance

- $600 million in revenue
- 600 employees
- 100+ years old

My role

- CIO/CSO for 20 years

Highly Respected Insurance Carrier

Need for Rapid Innovation

- Protect market share
- Improve customer experience
- Increase efficiency
- Ensure long-term viability

Things We Tried

- Kaizen
- Idea mills
- Partnerships
- Field trips
- Book clubs
- Consultants
- New roles

Author: wonderlane - https://www.flickr.com/photos/wonderlane/
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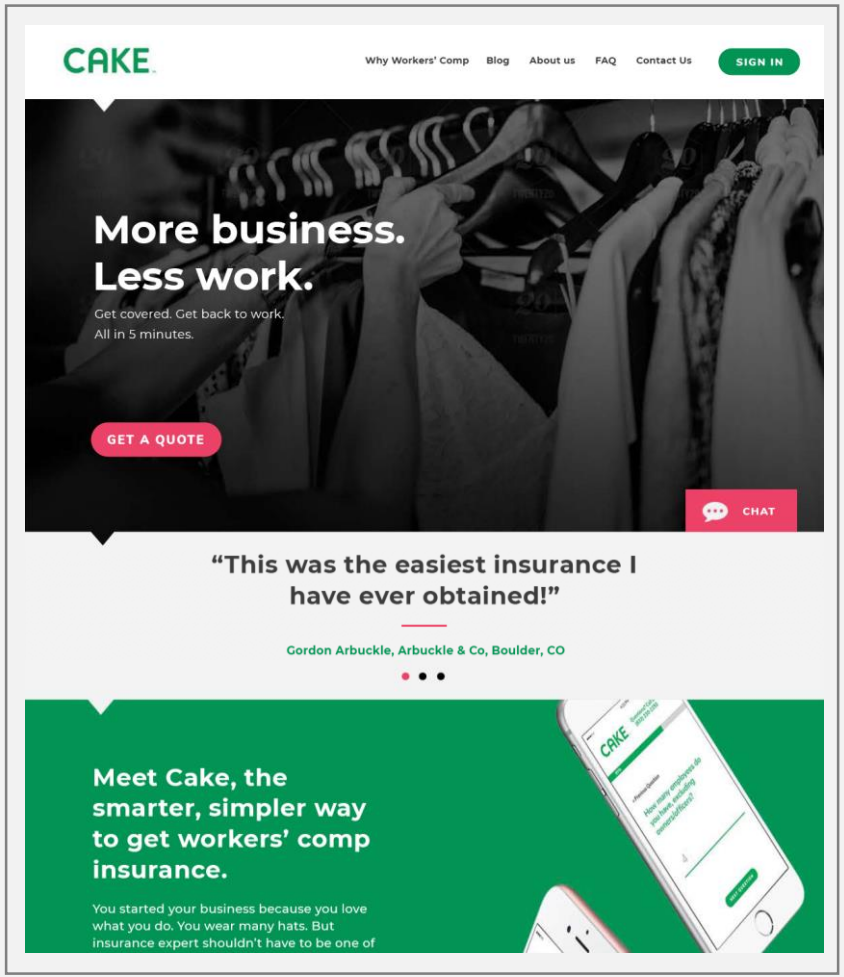
Changes made: Cropped photo

Cake Insure

- Startup digital insurer
- Launched after 9 months
- Focused on Colorado small businesses
- Expanding nationally
- Becoming independent



Best of Both Worlds

Startup	Big Company
Agility	Resources
Blank slate	Built-in market
Narrow focus	Expertise
Risk tolerance	Data
Creative talent	Corporate support

Barriers to Innovation

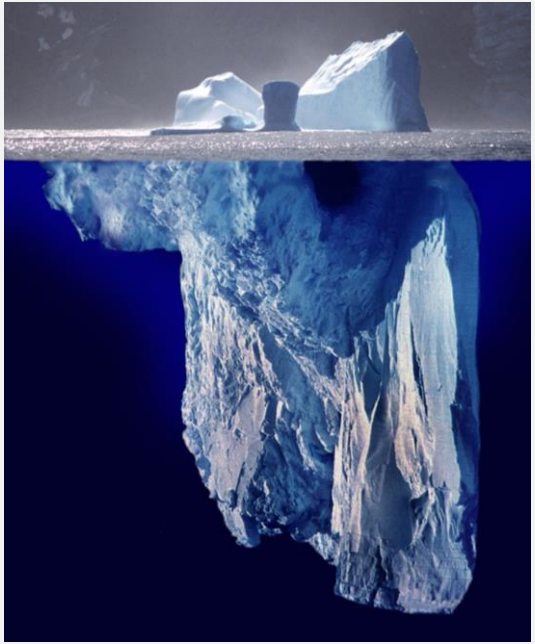
Risk aversion

Lack of resources

Other priorities

Legacy systems

Departmental silos



Innovation theater

Stuck in the past

Perfectionism

Stifled creativity

Wrong leadership

Photo Author: Uwe Kils (iceberg) and Wiska Bodo (sky) via Wikimedia Commons
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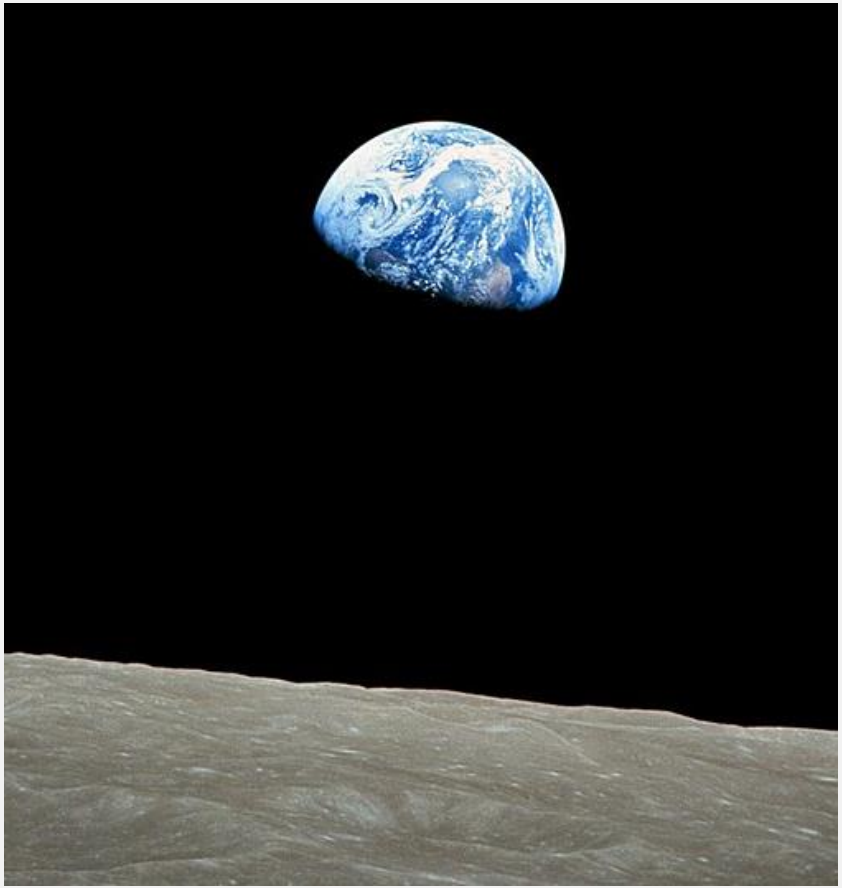
Compelling and Clear Vision

- Specific breakthrough
- Measurable results
- Clear time frame
- Solution agnostic



Author: NASA / Bill Anders via Wikimedia Commons
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Product Development

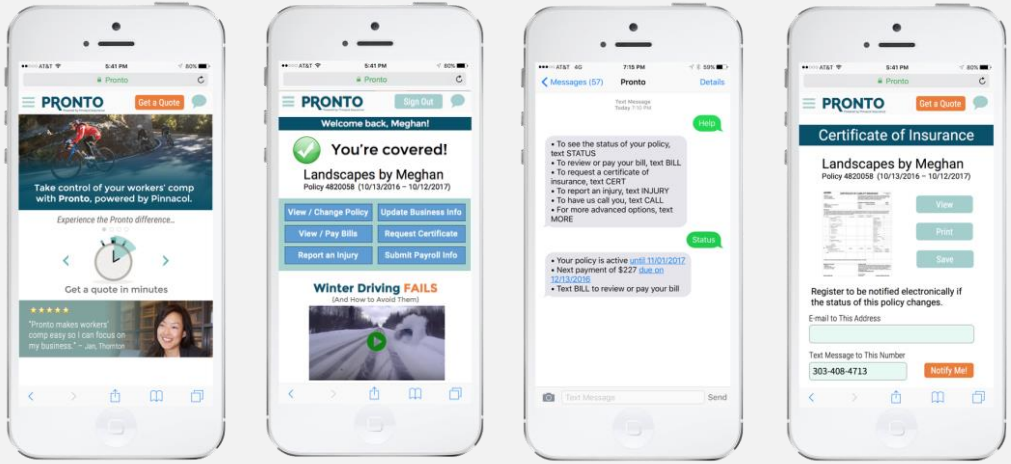
- "Fuzzy front end"
- Primary and secondary research
- Prototyping

Research Methods

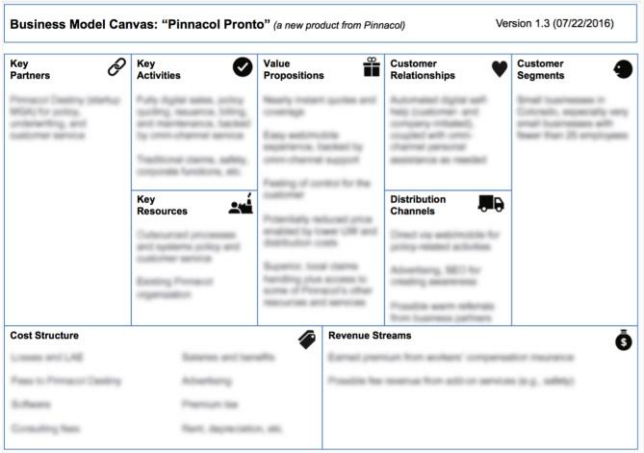
- Surveys
- Focus groups
- Interviews
- Competitive analysis
- Historical data

Product & Business Clarity

Vaporware



Business Model Canvas



Osterwalder, Alexander and Yves Pigneur. *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers.* Hoboken: Wiley, 2010.

Parent as VC Investor

- Return on investment
- Market opportunity
- Go-to-market strategy
- Risks and mitigation
- Regular status updates

Pitch book, PPM, or CIM

Progress Dashboard

Isolating the Team

- Distant location
- Basic team needs
- Flexibility and growth
- Secret location

Burning Ships

- Nothing to protect
- Motivation to succeed
- Smart risk taking
- Careful spending

Staffing from Parent

- Fulltime employment, not a project assignment
- Old positions backfilled
- No promises

Starting with a Blank Slate

- Technologies
- People and partners
- Business processes
- Value proposition
- Customer

"In the beginner's mind, there are many possibilities, but in the expert's there are few."

Suzuki, Shunryu. *Zen Mind, Beginner's Mind: Informal Talks on Zen Meditation and Practice.* Shambhala, 2011.

Seeing Things for Ourselves

- Go to the source of truth
- Get hands dirty
- Trust experts but verify
- Engrain into culture

Examples

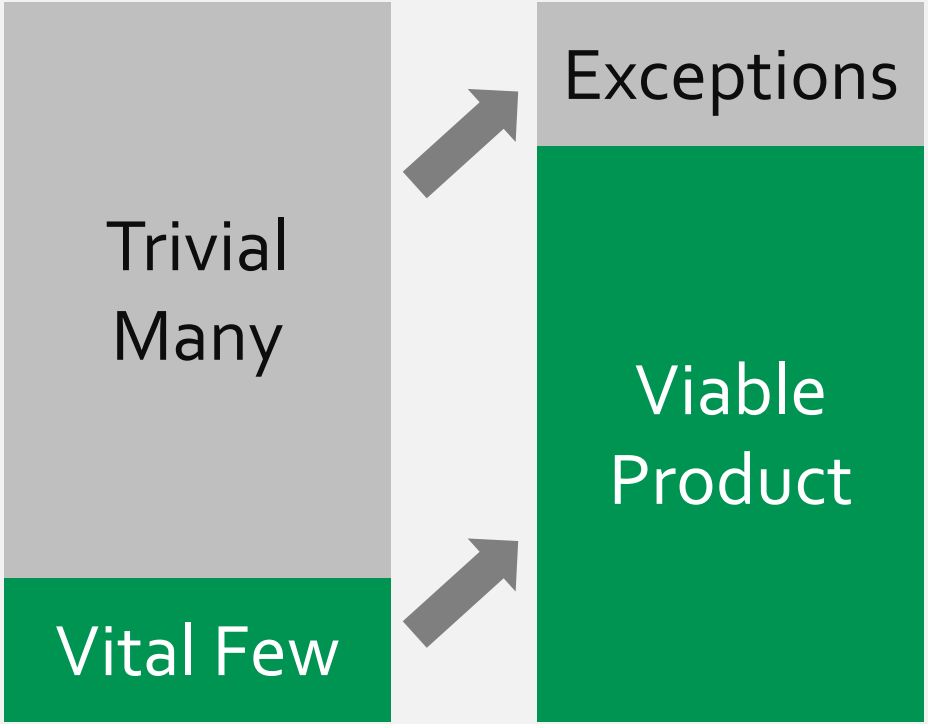
- Talk to customers
- Observe the work
- Try out the competition
- Analyze raw data
- Study statutes

Liker, Jeffrey. *The Toyota Way: 14 Management Principles from the World's Greatest Manufacturer.* New York: McGraw-Hill, 2004.

What Really Matters

- Validated learning
- True MVP
- Narrow scope
- Experimentation

The 80/20 Rule



Culture

- Positivity
- Curiosity
- Transparency
- Inclusiveness
- Gratitude

No Tyranny of Consensus

- Empowerment
- Careful hiring
- Clear goals and roles
- Forced transparency
- Accountability

Flying Solo is OK

- Narrow scope
- Experimentation
- Validated learning
- Future involvement
- Results talk!

Need for External Secrecy

Spares the team from:

- Tyranny of consensus
- Premature criticism
- Resentment of former colleagues

Gives parent employees:

- Freedom from worry
- Thoughtful communications

Our First Leadership Roles

The Engineer Is In Charge

- Business and technology
- Development process
- Key decisions
- Problem solving
- Guidance and coaching

Entrepreneurial Systems Designer

Business product inspired by **engineering imagination**

Create a technical product informed by **business judgment**

The combination is critical

Ward, Allen, and Durward Sobek. *Lean product and process development*. Cambridge, MA: Lean Enterprise Institute, 2014.

Strong CEO Sponsorship

- Cooperation from parent
- Roadblock removal
- Board relations
- Advice and support

Challenges in the Parent

- Fear, uncertainty, doubt
- Resistance
- Resentment
- Other priorities

Commit Yourself

- Identify a challenge
- Find a fellow explorer
- Start planning the journey
- Begin talking about it
- Abandon shelter

When commitment leads, providence follows