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The Case for Stealth Innovation

When it's better to ask for forgiveness than seek permission ***by Paddy Miller and Thomas Wedell-Wedellsborg***


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You have an idea for a daring, innovative project that could have a significant impact on your business. However, you suspect that your idea will meet with internal resistance: The innovation would upend the status quo, and chances are good that other parts of the organization will try to stop it. What's your next step?

The conventional answer is simple: Get a mandate from the top. As many innovation experts rightly point out, only the most incremental ideas pass through the corporate-approvals gantlet unscathed. The more unusual your idea, the greater the risk that it will fall victim to turf wars, myopic incentive systems, or simple resistance to change. For this reason, innovators are often counseled to go straight to the top, secure backing, and build a corporate sense of urgency around their ideas.

The "top first" strategy, however, carries its own risks. CEOs of large organizations are constantly barraged with proposals for new, untested projects, and typically, the ideas get a five-minute perusal followed by a "no." And even if your idea does win support from the C-suite, early exposure is a double-edged sword: It buys you legitimacy and resources, but it also thrusts you squarely into the corporate spotlight—and that can be a dangerous place for young, unproven ideas. Our experience working with innovative managers has revealed an alternative approach: innovating under the radar.

ILLUSTRATION: ADRIAN JOHNSON

Consider the story of pfizerWorks. Jordan Cohen, then a human resources manager in Pfizer's New York office, created the productivity initiative to allow employees to outsource "grunt work" and other routine parts of their jobs, giving them more time to focus on important tasks and allowing Pfizer to make better use of its highly skilled (and highly paid) employees. PfizerWorks, launched in 2008, quickly became an acknowledged success story, and Cohen was featured in *BusinessWeek, Fast Company,* and other publications. In a 2011 internal survey, the users of pfizerWorks rated it as the company's most popular service offering, even though they had to pay for it out of their own budgets.

But Cohen didn't bring his idea to fruition by going straight to the top. To the contrary, he stayed under the radar for more than a year, developing the service, accumulating evidence, and gaining allies. When he finally pitched it to Pfizer's top executives, he was able to show them much more than an idea: He presented existing users who were passionate about the project, outlined a proven business case, and pointed to the backing of several senior managers. Pfizer's decision to support the project came quickly, and Cohen received not just a budget for it but a new job as the head of pfizerWorks.

Innovating under the radar carries its own set of challenges, to be sure, but going into stealth mode can often yield better results than trying to get the CEO on board from day one. In our experience, stealth innovation involves four critical challenges. First, you need to marshal allies who can help you operate off the grid and make sure that you don't lose perspective as you do so. Second, you need to build proof of concept so that when you're ready to make your case to the higher-ups, you have hard evidence to support you. Third, you must obtain access to funds and other resources to keep your project afloat. And finally, you need a good cover story so that you can work on the project without attracting unwanted attention or scrutiny. If you address these challenges effectively, you can sidestep corporate obstacles and give your idea the best possible chance for success.

Why Early Exposure Can Kill

The conventional overt approach to innovation is more risky than it may seem. Consider a company we'll call RedTec Media, whose European division came up with an idea for a potentially game-changing consumer product aimed at the luxury market. Excited about the idea's potential, the European team presented it to leaders at corporate headquarters. The response was much less enthusiastic than the team had expected. While the executives didn't kill the idea outright, they questioned the project's technical feasibility and expressed strong doubts about whether there was a market for it.

The European team members, recognizing that their enthusiasm was not contagious, set out to make a better case for the idea. So over the next few

By starting your project in stealth mode, you can postpone the moment that the clock starts ticking for your idea.

Idea in Brief

Going straight to the top for support for a major innovation can be a risky strategy. The default answer from pressed executives is often "no." And even if you do get buy-in from the top, the corporate spotlight can be a dangerous place for unproven ideas. Often, a better strategy is to innovate under the radar. Here's how:

STEALTH SPONSORS
Appeal to managers one or two levels below the C-suite. They have enough power to get you started—and they're easier to connect with.

STEALTH TESTING
Create proof of concept to gather incontestable evidence of the value of your idea before presenting it to a jury of executives.

STEALTH RESOURCING
Securing cash or man-hours for a stealth project is tricky but can be done. In large companies, many projects have more resources than they need. Operational budgets also often have spare capacity. It can sometimes be easier to attract investment from partners outside the organization. And don't forget to barter: You might not have cash, but you probably have resources or capacity you don't need that others do.

STEALTH BRANDING
A credible cover story allows you to spend time on a project without having to field awkward questions from higher-ups.

months, they built a working prototype and tested it with consumers, with great success. They also asked key retailers whether they thought the product would sell. The response was overwhelming; several of them asked, "Can I get this now?" Even better, the price the retailers suggested was higher than the team had hoped.

The team members made sure that their testing was rigorous and reliable, and carefully documented their findings. Consumers' reactions, for instance, were not only recorded on paper but also filmed and compiled in a short video that demonstrated their support for the product.

But none of the new evidence seemed to change the minds of the top managers. After a long silence, the team received the news that headquarters had decided to kill the project. "To be fair, there were legitimate reasons to oppose the project," one team member told us. "But we also got the feeling that the leadership made an early judgment call based on their gut feelings about the first presentation, and then pretty much stuck by that call irrespective of all the evidence we sent them subsequently."

The phenomenon is not unusual. As research by the behavioral economist Daniel Kahneman and others has demonstrated, people suffer from what is called confirmation bias: Once you've made a decision, however uninformed, you tend to look for more evidence supporting it, and ignore or discredit evidence that points in other directions. This effect is exacerbated if the judgment call is made in public or in front of colleagues or a boss. That's because in corporate life, as elsewhere, it's often considered preferable to be wrong than to be a flip-flopper. Just look at any political campaign and see what happens to candidates who change their stance on an issue, no matter how legitimate the reasons. As an innovator, you often get only one shot at pitching an idea to people at the top—and their default reaction is frequently "no." You don't want to waste your shot too early in the process, before you've built sufficient evidence for your idea.

A premature judgment call is just one of the dangers that come with early exposure. Ideas can be held hostage in political power plays; they can be forced Procrustes-style to follow corporate procedures that prevent rapid iteration; they can be appropriated and distorted by other stakeholders with legitimate but differing goals; and perhaps most frequently, they can face crushing pressure for short-term results that either kills them or warps them beyond recognition. In *The Little Black Book of Innovation,* Scott Anthony shares Clayton Christensen's concept of the "ticking clock," a deadline for creating results that all innovators face. "You never know quite how fast the clock is ticking," Anthony writes, "or when the alarm is set, but you can be darn sure that at some point, it will ring....If that moment comes and all you have is potential, you'd better start polishing your résumé."

This is where stealth innovation comes into the picture. While aiming to deliver some quick wins is excellent advice, and if at all possible, you should follow it, the nature of your idea may be such that doing so is simply not possible. By starting your project in stealth mode, you can postpone the moment that the clock starts ticking for your idea. Let's now look in detail at the four challenges of stealth innovation and how to overcome them.

Stealth Sponsors: Get the Mandate from the Middle

Innovating on your own is hard; there is little doubt that a bit of support can mean a world of difference. And yet top management is off-limits. So what do you do?

The answer is to seek support from managers who are a notch or two above you, or at your level

When Should You Innovate Under the Radar?

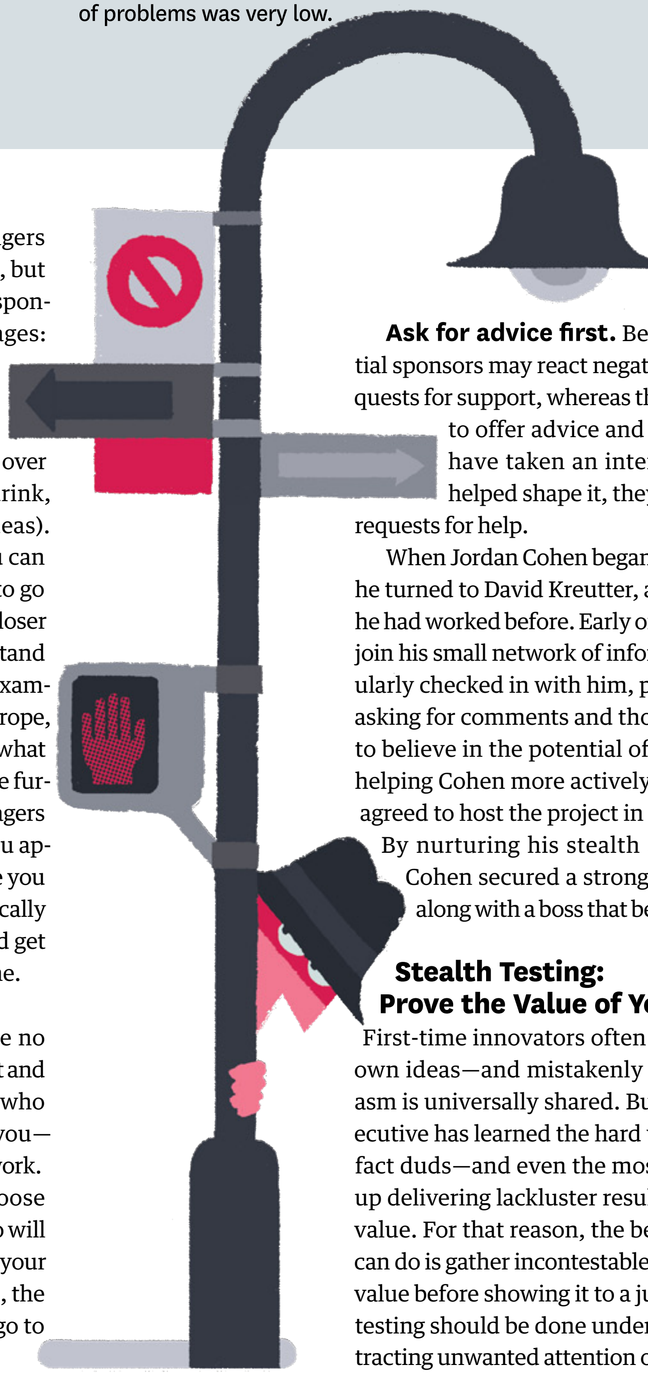
While it is a powerful alternative to above-the-radar innovation, stealth is not always the right approach. In weighing your options, consider the following questions.

WHAT IS THE RISK TO THE COMPANY?

If your stealth project fails, will that have serious consequences for the company? Is there a risk of legal or ethical complications? Eric Kearley and Henrik Werdelin of MTV were able to scrape together what they needed to create the *Top Selection* program largely by tapping unused, leftover, or spare resources from other departments. They chose to air the show in the middle of the night, when the risk of problems was very low.

WHAT IS THE RISK TO YOUR CAREER?

How great is the risk of getting fired if you are caught working under the radar? When we asked Werdelin about the covert airing of *Top Selection*, he replied, "I decided to risk it because MTV was fairly accepting of maverick behavior. It was small things: Senior execs would wear sneakers with their suits; the CEO would deejay at parties."



but from a different department. Such managers don't have as much power as senior executives, but they have enough to help you get started. As sponsors, midlevel managers have three advantages: First, they're a lot easier to connect with than C-suite executives. A chat with the CFO requires that you get onto his or her formal agenda, but you may very well catch a junior VP over a cup of coffee (or better yet, an after-work drink, which is a great setting for airing unusual ideas). The relative ease of access also means that you can broach your idea gradually, instead of having to go "all in" at the first meeting. Second, managers closer to your level will be much more likely to understand the context for your idea. In the RedTec Media example, corporate headquarters was not based in Europe, making it harder for leaders there to appreciate what European consumers might want. And third, the further down the hierarchy you go, the more managers there are. That means that if the first person you approach is resistant, you have many other people you can reach out to. The C-suite, in contrast, is typically so small that if you approach one executive and get rejected, it can be tricky to approach another one.

In finding sponsors, remember a few rules:

Pick people who know you well. Make no mistake: You're not selling your idea, you are first and foremost selling yourself. Look for supporters who have both personal and professional trust in you—people who like you and know and value your work.

Consider their incentives. As you choose people to bring into your circle, think about who will benefit the most if your idea is implemented. If your idea threatens to cannibalize sales, for instance, the VP of sales is probably not the right person to go to for support.

Ask for advice first. Bear in mind that potential sponsors may react negatively to unsolicited requests for support, whereas they may well be happy to offer advice and ideas. Once sponsors have taken an interest in your idea and helped shape it, they will be more open to requests for help.

When Jordan Cohen began to create pfizerWorks, he turned to David Kreutter, a manager with whom he had worked before. Early on, he asked Kreutter to join his small network of informal advisers, and regularly checked in with him, providing updates and asking for comments and thoughts. Kreutter came to believe in the potential of the idea, and started helping Cohen more actively. Eventually, Kreutter agreed to host the project in his own business unit. By nurturing his stealth sponsors in this way, Cohen secured a strong base for pfizerWorks, along with a boss that believed fully in his idea.

Stealth Testing: Prove the Value of Your Idea

First-time innovators often fall in love with their own ideas—and mistakenly believe their enthusiasm is universally shared. But as many a senior executive has learned the hard way, most ideas are in fact duds—and even the most promising may end up delivering lackluster results or even destroying value. For that reason, the best thing an innovator can do is gather incontestable evidence of the idea's value before showing it to a jury of executives. This testing should be done under the radar, to avoid attracting unwanted attention or scrutiny.

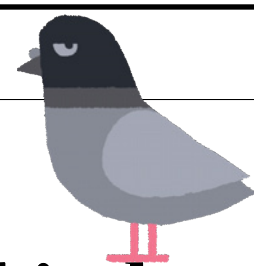
HOW MANY GATEKEEPERS ARE THERE?	WHAT PACE WILL BE MOST BENEFICIAL TO YOUR PROJECT?	HOW FINAL IS "NO"?
If your access to the final decision maker is direct, the above-the-radar approach can work well. But the more decision makers or gatekeepers there are between you and the person who can give final authorization to your project, the greater the risk that someone will kill the idea along the way—and the more appealing the stealth alternative becomes.	In some situations, stealth innovation will speed things up because you can dodge bureaucratic processes and stay flexible. In others, stealth may offer the luxury of working at a slower pace. Stealth innovation is often suited to more radical ideas that require considerable development time and testing—time that stealth can buy them by avoiding the ticking corporate clock of doom. Incremental projects, however, do not need the same gestation period and can be perfectly compatible with an above-the-radar approach.	If a senior decision maker says "no" to a project, how much leeway is there for trying again later or with other stakeholders? The more final the decisions are at your company, the more advantageous stealth innovation tends to be. In decentralized organizations or in situations where managers frequently change roles or rotate assignments, there may be a lot more room for making multiple above-the-radar attempts.

Take the story of *Top Selection,* MTV's first venture into digitally integrated, interactive TV programming. At the start of the internet revolution, MTV executives recognized that future success lay in combining traditional television programming with user-generated online content. They hired a top consulting company and bestowed a lavish budget on the initiative; however, it went nowhere. Instead, it was a stealth collaboration between two people, Eric Kearley, a vice president, and Henrik Werdelin, a recently hired associate producer, that set the stage for what became a highly successful, award-winning TV show. "I was in the office late one afternoon when I saw this young guy, Henrik Werdelin, working on his computer. I had run into him once or twice and knew he knew a lot about computers," Kearley told us. The two talked about MTV's desire to create a show that integrated internet content such as animation, e-mails, pictures, and video clips on the screen. "When I came back the following Monday," Kearley said, "Henrik had built a working demo of the program. I knew immediately that this was the way forward."

Kearley and Werdelin recognized that *Top Selection* was not just innovative from a content perspective. What really made it a winning proposal was the fact that it could be produced with just two people and a laptop, compared with the six-people teams MTV normally used to produce studio shows. But despite the potential for massive cost savings, Kearley and Werdelin kept the idea quiet. Kearley suspected that if they were to tell anyone about it, the project would be either killed or handed over to the consultants. So they decided to build it on their own. Kearley shifted some of Werdelin's responsibilities to another producer and scavenged some cash from his own operational budget. Werdelin cultivated friendships with some of the tech people, hanging out with them after work, and secured pieces of necessary equipment from them. Kearley even laid down his own money to buy a camera and borrowed other parts of the technology under the guise of wanting to test it. Soon they had set up a small prototype production set in an unused, wardrobe-size room close to Kearley's office.

A working prototype was not enough, though. To sell *Top Selection* to the CEO, Kearley and Werdelin needed to run a live broadcast, demonstrating that the program was truly viable. They decided to circumvent the regular broadcasting processes and put the show on the air without asking anyone's permission. This was not as subversive as it may sound. At the time, MTV was running a late-night, pretaped program called *Alternative Nation,* which aired across Europe. It was a routine transmission managed by MTV's broadcast technicians. Werdelin persuaded one of his contacts in the department to try an experiment: Instead of airing the usual *Alternative Nation* tape, they would broadcast live from the small studio Kearley and Werdelin had set up. They talked the well-known MTV anchor Trey Farley into hosting the show in exchange for a good bottle of Scotch. The risk was low: It was only one hour of programming, in the middle of the night. If the technology failed during the experimental broadcast, the technicians would simply switch back to the pretaped content. They even aired the show under the existing name, *Alternative Nation,* so that viewers would think it was simply a new part of the regular show.

The broadcast went flawlessly, and apart from Werdelin's contact in the tech room, nobody was



To avoid legal or ethical problems—and to make sure that your project remains in the interest of your company—use your advisers, and use them constantly.

the wiser. “When I approached our CEO, I was able to tell him that we had a new idea,” Kearley said, “that we had made it work technically, that we had already broadcast it successfully, and that it generated cost savings on the order of several hundred percent.” *Top Selection* was approved, and Werdelin was given a new job as the head of new digital media development. Kearley believes that they would never have achieved what they did if they had pitched the idea through the regular process for new programming. “We opted for the stealth approach because the cost of failure to MTV was clearly minimal,” Kearley says. “In other projects, I have chosen not to use stealth methods—when it would have been reckless or when the cost of trying would be more sizable.”

Jordan Cohen also took a stealth approach as he amassed the first chunks of evidence for his pfizerWorks project. He started by asking a dozen colleagues whom he was friendly with for access to the “tasks” data in their Outlook accounts. That information gave him a rough idea of what people were actually spending their time on and how much of that work could be outsourced. He then conducted a follow-up test, again picking people that he considered to be good friends, rather than trying for a more representative sample. Had the tests gone wrong, Cohen reasoned, the damage would be limited: None of the handpicked people would bad-mouth him or the project.

Stealth Resourcing: How to Keep the Tap Running

Perhaps the biggest challenge for stealth innovators is access to funding. It can be hard enough for corporate-sponsored projects to get funds when cash is tight or when budgets are allocated only once a year. It can be nearly impossible to secure resources when you can’t talk about your project. Here are three ways a savvy innovator can keep resources flowing.

Scavenge. In most companies, there are projects that have more resources than they need. With the help of well-placed sponsors, it’s often possible to quietly siphon off some spare cash or man-hours. In situations where resources are tight, you can beg or borrow from contacts in other departments. Cash can be hard to extract, but you can gain access to unused equipment or request a few hours of people’s time. Operational budgets are also good places to look for spare capacity; they tend to be more flexible and subject to less scrutiny than project-specific budgets. A fair amount of padding is frequently built into them by operating managers looking to keep funding levels up or give themselves some wiggle room.

Look outside. It can sometimes be easier to find money outside your company than to fund a new project from existing budgets. In 2009, Gregers Wedell-Wedellsborg, Thomas’s brother, was working for the Danish broadcaster TV2. A few of his employees came to him with the idea of developing content for mobile phones. At the time, there was no viable business model for mobile content, and Wedell-Wedellsborg knew it would be very difficult to get the idea funded internally. So he encouraged his team to go outside the company to seek funding for its mobile initiatives, telling the members to look for companies that would benefit if TV2 were to develop mobile content. As it turned out, the Danish mobile operators were very interested in the project, as the high-volume video content promised to increase their earnings on data traffic and boost smartphone sales. The telcos agreed to fund content development, and that initial experiment launched TV2's venture into the mobile market. With basically no internal funding, TV2 became a first mover and a market leader.

Barter. At MTV, Werdelin was able to get IT people to work on the *Top Selection* project without having to pay for their time. The office he had inherited happened to be outfitted with a special internet connection that had been used for a now-abandoned project. The connection was still active, and Werdelin knew that an unregulated, high-speed internet line would be high-grade catnip to IT people. So he strategically offered to share his line with select people, including the head of the broadcasting technology department that would later help him covertly air *Top Selection*.

Whatever methods you choose for securing resources, it's important not to draw too much attention to the project. You should not ask supporters for anything that requires approval from the higher-ups, whose scrutiny you're trying to avoid.

Stealth Branding: Create a Cover Story

Like secret agents, stealth innovators need to have a credible answer at the ready should outsiders or department heads ask questions about what they're spending their time on.

Sometimes, you can sneak your project under the umbrella of an existing initiative. As Jordan Cohen began to invest more and more time in pfizerWorks, it became clear that he couldn't continue to pretend the project didn't exist. To deflect questions, he told people that it was part of a companywide initiative (led by Pfizer's CEO) called Adapting to Scale, or ATS, which was aimed at pursuing gains by standardizing processes, sharing best practices, centralizing purchasing, and otherwise leveraging Pfizer's size as the world's biggest pharmaceutical and health care company. Nobody knew exactly what ATS involved or didn't involve—and pfizerWorks was in fact aligned strategically with the company initiative—so Cohen's story provided adequate cover, allowing him to spend time on the project without having to field too many awkward questions.

In creating your cover story, be very careful with the language you use. At MTV, Kearley and Werdelin took pains to avoid the word "project" at all costs. "Once something was deemed a project, there was a defined project management structure you were expected to follow," Kearley explains, "with checks and balances and sign-off procedures. We wanted to avoid this, so whenever we needed something from other departments, we said it was for some other, established program."

STEALTH INNOVATION is not for everybody, nor is it suitable for every project. It requires careful consideration of the alternatives and the potential consequences of failing. (See the sidebar "When Should You Innovate Under the Radar?") In particular, we want to offer a word of caution: You must balance your passion for your idea with a healthy dose of good old-fashioned prudence.

Corporate innovators, like entrepreneurs, tend to fall madly in love with their ideas—and while that passion motivates them, it can also become blinding. Especially when working under the radar, it can be tempting to take larger and larger risks, thinking that all who oppose you are simply ignorant naysayers and risk-averse innovation killers. But not all corporate barriers to innovation are necessarily erected by petty bureaucrats who are hostile to change; sometimes, the checks and balances are there for good reason. Consider Jérôme Kerviel, the rogue French trader at Société Générale, who allegedly orchestrated unauthorized trades of more than $73 billion, or Nick Leeson, who caused the collapse of 233-year-old Barings, the personal bank of the Queen of England. Both reportedly started out with good intentions as they began operating under the radar. At a certain point, however, their stealth activities became something darker and more deceptive, and in the absence of external safeguards, they led to catastrophic results for both themselves and their companies.

To avoid legal or ethical problems—and to make sure that your project continues to be in the interest of your company—meet regularly with your advisers, provide them with frequent updates, and solicit their feedback. Informal sponsors within the organization are not just a means to getting your idea off the ground; they serve as a trusted, levelheaded sounding board that can give you perspective on your own actions. Use your advisers, and use them constantly. With the right backing and some hustle and ingenuity, young breakthrough ideas can be nurtured into successful corporate initiatives.

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