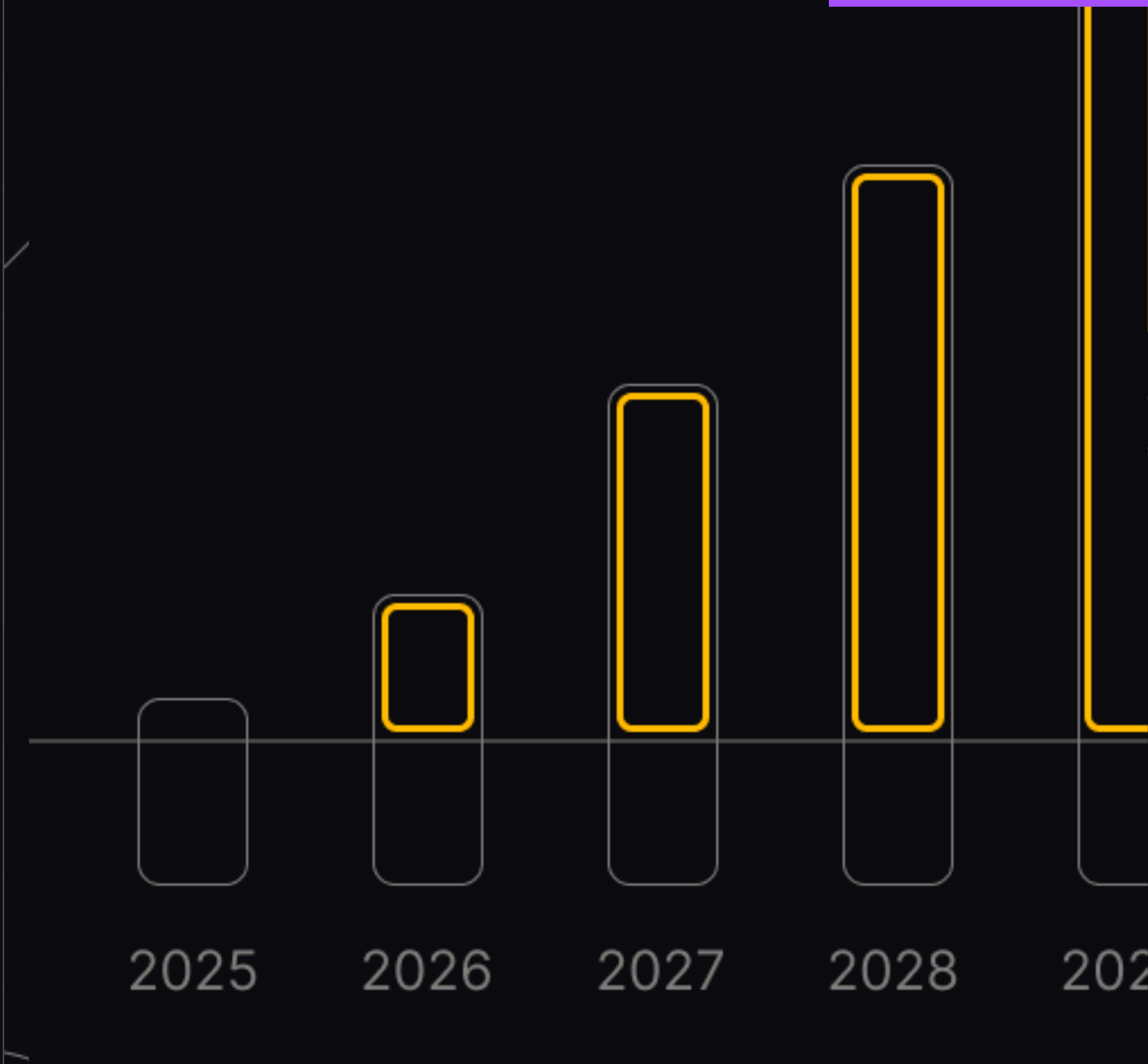
Roundtable Recap: Insights and Experiences

“How can I prove ROI of corporate venturing to my Exco?”



Bundl
Venture Club

ROUNDTABLE

Bundl Venture Club

Peer power for venturing success.

Connect with corporate entrepreneurs on your level, across industries and borders, to share valuable insights and level up your venturing expertise.

Members in attendance

Nicolás Melero
Manager at Falabella Ventures

Philip Hague
Innovation Leader at 3M

Shivaji Vij
Strategy Lead: Corp Dev, Investments and Access at Michelin

Hrvoje Patajac
Member of Supervisory Board at Croatia osiguranje d.d.

Lennert Weichert
Venture Architect at SQUARED, innovation factory by OBI

Ross McCurrach (Host/Expert)
Venture Hub Lead at Bundl

Thomas Van Halewyck (Host/Expert)
CEO at Bundl

ROUNDTABLE

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Topic overview

We dissected common challenges and explored various methods to effectively communicate and articulate the ROI of venturing as an innovation strategy to your executive committee.

Example scenarios:

- Pitching new venture strategy to the executive committee
- Pitching ventures to the executive committee
- Seeking increased investment for ongoing ventures
- Responding to scepticism about the value of innovation

What the conversation centred around:

- Key ROI metrics for ventures
- Communicating the strategic value of innovation
- Case studies of successful venturing strategies
- Overcoming scepticism and resistance
- Long-term value vs short-term gains
- Balancing internal and external innovation

KEY OUTCOMES

5 key insights on strategic communication with your Exco.

“Regular updates and reports should be provided to stakeholders informing them about the venture/portfolio’s progress and any changes in the anticipated ROI.”

1. **Balance Immediate Returns with Strategic Value:** While immediate, visible returns are important, longer-term strategic benefits of innovation need to be recognised. This balance is crucial but may be difficult to establish due to the intangible nature of these benefits.

2. **Quantify Early Stage Innovations:** It can be challenging to predict and quantify the value of strategic innovations in their early stages. However, it is vital to reassure stakeholders about potential ROI.

3. **Align Innovation and Corporate Strategy:** It's important to link innovation activities with corporate strategic objectives to demonstrate the alignment and the potential value addition of such initiatives.

4. **Set and Align ROI Expectations:** Clear definition and communication of ROI expectations at the outset of a venture is crucial to prevent misalignment in financial returns and potential premature shutdowns.

5. **Quantify Soft Metrics:** Despite being difficult, it's important to find ways to quantify soft metrics like talent morale, idea generation, or investable concepts, especially in early venture stages. These metrics can play a significant role in the venture's success.

When is the best time to start measuring ROI in corporate venturing?

It often depends on the specific venture. Generally, tracking should begin once a venture reaches a stage where it's creating measurable output, e.g. after the initial development or testing phase.

However, it's also important to consider the nature of the venture and the expected timeline to profitability or other key milestones.

How can we effectively prove ROI in the early stages of corporate venturing when uncertainty is high?

Focus on establishing clear, measurable goals tied to business objectives. Even in the face of uncertainty, demonstrating progress toward these goals can be an effective.

Additionally, showcasing early wins through customer validation and providing evidence of market traction can all help prove early-stage ROI.

How can we balance and communicate the importance of both strategic ROI and financial returns in corporate venturing to our executive committee?

Strategic and financial returns can be framed as two sides of the same coin—both essential for long-term success.

While financial returns are more easily quantifiable, strategic ROI can be linked to long-term business goals, competitive advantages, and market positioning.

It's important to convey that strategic ROI can often precede and enable financial returns. Use case studies, anecdotes, or data from other successful ventures to illustrate this point.

ROUNDTABLE SNAPSHOTS

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How do we effectively set and align ROI expectations from the beginning of a venture to avoid premature shutdowns due to misalignment on financial returns?

It's important to establish open and clear communication about the objectives and expected outcomes. This should include both traditional financial returns and strategic returns, like market penetration, brand recognition, and potential for future growth.

For ventures that involve significant innovation or risk, it may also be important to emphasise that the ROI may be realised over a longer time frame and may not be easily quantified in traditional financial terms.

Regular updates and reports to keep them informed, and if challenges arise, they should be communicated promptly, along with strategies for addressing them, to maintain trust and confidence among stakeholders.

How do you manage the expectations of the mothership with the realities of a venture builder?

It involves clear and frequent communication. This should include updates on the venture builder's progress, challenges encountered, and how these are being addressed. It's also essential to highlight the potential long-term benefits of the venture builder's activities and how these align with the parent company's strategic objectives.

How can we predict and quantify the value of strategic innovations in their early stages to reassure stakeholders about the potential ROI?

This can be achieved by utilising forecasting methods and market research to project potential outcomes. However, it's important to stress that these are estimates and that innovation often involves a degree of risk.

How can we effectively frame and communicate the value of soft metrics in demonstrating the ROI of corporate ventures?

Soft metrics can be framed in terms of their contributions to long-term success.

For instance, increased employee engagement might lead to higher productivity and innovation, while customer satisfaction can result in greater customer loyalty and lifetime value.

Use stories and scenarios to make these connections tangible, and where possible, translate soft metrics into potential financial impact.

How can we capture and communicate the potential ROI from byproducts of our corporate ventures?

The key to capturing the potential value is to recognise and document them systematically. They can include learning and development, talent attraction and retention, and brand enhancement, and others.

It's also important to explain how these byproducts can indirectly contribute to financial returns, for example, by reducing costs, improving efficiency, or opening up new opportunities.

How do we balance the need for immediate, visible returns on innovation with the strategic value of longer-term, less quantifiable benefits?

This can be managed by setting clear expectations from the outset and communicating progress effectively. It's crucial to highlight that innovation is a process, and the benefits often materialise over time. Also, employing a balanced scorecard approach, which takes into account both financial and strategic goals, can help.

FRAMEWORK

Corporate Objectives
X
Innovation Platforms

The framework on the following slide can help you clearly communicate the expected ROI for corporate strategic objectives from a variety of innovation platforms.

It is critical to align on these, and regularly communicate the status with leadership to build trust and gain buy-in to your activities.

Lowest Suitability	Strongest Suitability
Early Stage	Market Ready

Corporate strategic objectives
Desired benefits to expect through venture activities
Solution sourcing
Trend discovery
Financial return
Ideation
Validation
Talent
Strategic hedging
Innovation ecosystem building
Entrepreneurial ecosystem building
Press and media coverage
Brand positioning
Organizational culture
Transformational impact
Dealflow
Supplier identification
Shareholder visibility
Access new markets
Innovation platforms
The vehicles/tools to achieve the desired benefits
Incubator
Funding driven accelerator
Asset driven accelerator
Ecosystem facilitator
Venture Studio
Strategic partnership
(joint R&D, product co-development...)
Venture Client Unit
Scouting mission
Smart CVC
Multi-partnered CVC
Hybrid Venturing Hub
(holistic approach)
Depends on the innovation platforms chosen (venture builder, CVC, accelerator...)
Hackathon/ Competition
(one-off event)
Acqui-hire and acquisition
Acqui-hire
Acquisition

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Want to dive deeper into the topic?

Reach out to me to start the conversation

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Other roundtable recaps:

How to Unlock Corporate Assets to Boost Venture Portfolio Growth

GET INSIGHTS

The Corporate Assets You Should Offer Startup Partners

GET INSIGHTS

How You Can Turn Your MVP Into a Scale-Ready Product

GET INSIGHTS

ABOUT BUNDL

The New Model of Innovation

Leading corporations choose us to help them effectively leverage their capabilities with our entrepreneurial experience.

Our global team brings years of strategy, insight, and founder mentality to deliver end-to-end services from structuring the foundations of your venturing activities to building, partnering, and accelerating.

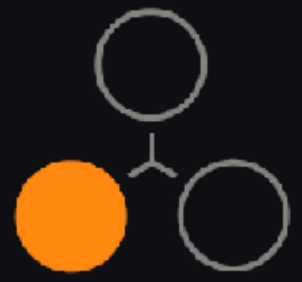
How we can help you:

Venturing Framework

Define the key foundations for your corporate venturing activities.

Venture Building

Incubate, launch & scale new ventures that leverage & build corporate assets.



Venture Partnering

Partner with and invest in external startups to drive new growth.

BOOK A CALL