

BUILDING IDEAPRENEURSHIP CAPABILITY

Delivering Differentiated Customer Value From the Frontline

Transformational innovation appears to be a dominant aspiration of most leading firms. While such innovation efforts are pervasive across industries and regions, the results from these endeavors can be highly varied. Instead of a single-minded focus on transformational innovation, could incremental innovation, if directly tied to real customer need, be a powerful opportunity for growth and sustainability in this dynamic world? HCL Technologies, a global IT services firm based in Noida, India believes so.

HCL is differentiating itself among other fast moving players in this competitive industry by pursuing a simple proposition – Leverage an ongoing stream of executable, grassroots ideas from front-line employees to provide high value gains for each specific customer, beyond the contract commitments.

HCL recognized that they could deliver significant ongoing client value by leveraging their deep knowledge of each customer, to identify and develop value-creating opportunities. They zeroed in on creatively solving a wide variety of IT and process issues that, when aggregated, pay big dividends. Early-stage implementation by HCL has produced ideas that have added over \$600 million in client reported value¹ by increasing revenue or eliminating expenses, all with minimal or no additional cost to the client.

With HCL's focus on becoming proactive ideators for their customers' businesses, they believe they will spur company growth through both client and employee engagement and retention. Core to HCL's approach are two thoughtful propositions: Ideapreneurship, a client-focused, ideation-oriented, operational and cultural transformation that is occurring within the front-lines, and Relationship Beyond the Contract, the organization's brand promise and commitment to leveraging Ideapreneurship to deliver value that exceeds the stated contractual terms of a customer's service agreement.

Both Relationship Beyond the Contract and its driver, Ideapreneurship, pose a bold proposition that raises an important organizational capability question: What will it

Ideapreneurship

HCL's unique culture of grassroots, business-driven, customer-focused innovation, in which, every employee has license to ideate. Employees at all levels are empowered and encouraged to come up with innovative solutions to customer business challenges²

Relationship Beyond the Contract

A brand commitment of: client collaboration, applied innovation and a new partnership model that puts HCL customers' interests above all else.³

take for HCL to deliver on an innovation-centered brand commitment to their clients that requires an intrapreneurial drive from all corners of the organization? Unlike transformational innovation, which is often owned by a sub-organization within a larger firm, Ideapreneurship requires innovation to be seeded within the DNA of the entire firm. A team from Cornell University was invited by HCL to explore what the capability looks like in action and how to best develop it.

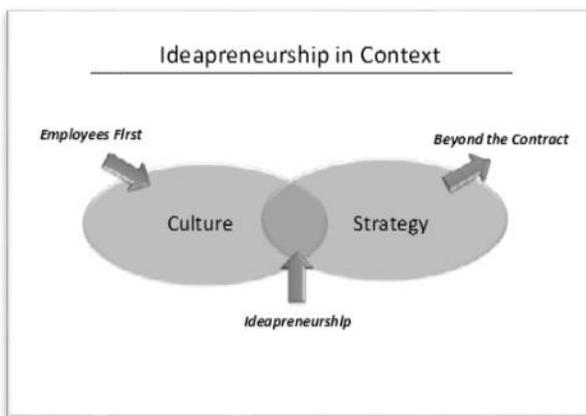
HCL has produced ideas that have added over \$600 million in client reported value



Underneath the Promise of Ideation

HCL's confidence in this ideation promise has roots in the success of Employees First, Customer Second (EFCS), their management philosophy since 2005. A key element of EFCS is the belief that HCL can create competitive advantage by enabling contributions from front line employees who operate directly with customers, a space HCL refers to as the "value zone."

As EFCS gained traction, evidence emerged showing that when employee engagement in the value zone was nurtured, it bred innovation and value creation for the client beyond the terms of their service contract. HCL leadership realized that institutionalizing this novel approach created a strategic opportunity for differentiation in a crowded and rapidly changing market. As a result, the Ideapreneurship culture and the Relationship Beyond the Contract client proposition were born.



Ideapreneurship as Differentiation

HCL believes that from their entry point into a client organization, incremental ideas can be a major source of value creation. Transformational ideas are still surfaced and pursued, but they believe that significant impact can be gained by developing a portfolio of smaller innovations that are easily adopted and executed (often for no additional fee to the client). In aggregate, these innovations provide impressive client benefits.

By setting client expectations that the firm will deliver more value than defined in the terms of the contract,

Employees First, Customer Second: The "Value Zone" as the Foundation of Ideapreneurship

The roots of Ideapreneurship at HCL, started in 2005 with the introduction of HCL's Employees First philosophy. This philosophy has received significant recognition in the business press and is the foundation for the customer centric, innovation-oriented organization HCL is nurturing today.

In 2005, HCL's then CEO Vineet Nayar introduced a management approach derived from his experience as an entrepreneurial leader, which he coined Employees First. This initiative set a clear direction for managers, at all levels in the company: the management pyramid was being inverted and management's purpose was to foster trust, flexibility and transparency in order to engage, empower and enable the employees working for them, such that these employees could provide value for the customer. He believed that the front-line employee who was interacting with the client on a day-to-day basis was in the "value zone," and that enhancing this relationship could differentiate HCL from the competition.

Over time, the philosophy has energized the workforce. By the time the economic downturn of 2008 arrived, HCL had created an environment that was able to use its distinct orientation towards employees to not only weather the storm, but to grow from a \$1.5B company in 2008 to a more than \$5B company by 2014, with net income growth during that time period of just under 300%, all the while, increasing customer satisfaction and retention.⁴

HCL is seeking to establish a new service baseline. This distinctive approach has the potential to provide a strategic advantage for the firm, assuming the ideas can be successfully generated from across the client delivery organization. To accelerate demonstrable progress in bringing this proposition to fruition, and to sustain momentum within the teams, managers within HCL's delivery organization now pursue annual value creation target metrics for their accounts.

Embedding Ideapreneurship

As HCL leadership has committed to embed Ideapreneurial capability across the firm, they are exploring ways to accelerate this cultural shift. While some client teams have independently been able to realize the goals of Ideapreneurship, management recognizes that to develop this capability at scale requires a significant and deliberate effort. This is especially true in a rapidly expanding 100,000 person global company.

HCL leadership needed a management process and technical system to track, leverage, quantify, and celebrate client-focused, value generating ideas. With this in mind, HCL developed the “Value Portal” exclusively for client oriented Ideapreneurship (vs. internally orientated ideation). They believed a client focus was essential to effectively bring about desired cultural changes and to establish Ideapreneurship as a differentiating practice within the industry.

To further enable ideapreneurship, they also invested in LeadGen: a platform where employees can map customer needs and requirements to existing solutions that can be offered by HCL; MadJam: an internal competition that celebrates employee generated, customer oriented innovations to be scaled across the firm; and the Good Practices Conference: where employees develop and share discussion papers to drive business improvements for HCL.

HCL has been able to easily recognize and reward idea generators who directly deliver additional value to their clients.

Encouraging grassroots innovation among the workforce, while arguably commonplace, typically remains an ambiguous, aspirational goal in many organizations. HCL has taken a pragmatic approach to move the concept into an achievable reality by defining successful execution in attainable commercial terms via these structures. Through supporting management processes, as well as technical and organizational systems, HCL has been able

Value Portal

The Value Portal encourages, facilitates, manages, records, and shares employee generated, customer-focused innovations at HCL.

How the process works:

- Ideas raised by employees go through workflow cycles and are shared with customers for feedback and approval
- Estimates on cost and expected value generation are projected and some of the ideas are chosen for implementation (often at no additional fee to the client)
- Shortlisted ideas are given guidance and mentorship for successful implementation
- Ideas are co-created and co-implemented with the client. This makes it easier for the customer to measure the value realized and sign off on the savings achieved through such an initiative ⁵

Value Portal Metrics

As of June 2014, the Value Portal has managed 32000 ideas, for 380 HCL customers, generated by 18000 HCL Ideapreneurs.

Of those ideas, 11000+ were implemented, delivering client acknowledged value of \$ 600+ Million.

HCL has a goal of delivering \$1B of client value by the end the 2015.⁶

to easily recognize and reward idea generators who directly deliver additional value to their clients.

These methods and technologies give HCL a systemic means to measure organizational innovation capabilities and gaps. By examining submission flow through the systems, and the landscape of adoption across the organization, a number of insights emerged regarding Ideapreneurship as a highly integrated set of activities.



Emerging Cycles of Ideapreneurship:

HCL gained a number of insights regarding individual and collective ideation from analyzing the Value Portal and LeadGen data. Patterns emerged regarding:

- Where ideation was happening
- The characteristics of ideating teams
- The structures needed to move ideas from creation towards implementation

By exploring this data, it became clear that for ideapreneurship to become the cultural basis of HCL globally, they needed to demonstrate progress on the following dimensions:

- Increased ideation engagement and capability for individuals, such that a broader swath of the population submits ideas
- Individual and team capability to assess and articulate the value of an idea once conceived
- Enhanced ideation cycle management capability for team leaders to nurture ideas from formation to execution

To frame these insights, they defined a three-phase cycle of employee behaviors to support Ideapreneurship: Seed, Nurture, and Harvest. These terms delineate the emerging work of developing, shaping and executing client-oriented ideas.

HCL's Ideapreneurship Phases

Need to Seed: Independently seeking alternatives to the norm, generating and fostering ideas that promise incremental, progressive shifts from the status quo

Desire to Nurture: Evolving networks that nurture these ideas to realization; providing flexibility in work, encouraging and mentoring to up-skill talent, evolving ideas in scope towards implementation and garnering ambitious scale

Commitment to Harvest: Recognizing results, rewarding business outcomes, and generating ideas to renew enterprise shift, incubating an intrapreneurial eco-system that self-sustains growth from initiative to business outcome ⁸

These phases apply to both the life cycle of a specific idea as it moves from concept to implementation, as well as to the life cycle of Ideapreneurship as a cultural shift for the firm. The articulation of these behaviors provides a foundational construct for further evolving the organization's Ideapreneurial capability.

Growing Ideapreneurs

In order to strengthen individual ideapreneurship broadly across the organization, HCL has decided to focus on three critical steps: awareness, education and performance management.

To help employees gain awareness of their current ideapreneurial capability, HCL developed an Ideapreneur

Assessment tool that helps employees reflect on their personal strengths

80,000+ employees completed the voluntary Ideapreneur Assessment

and envision opportunities to grow as Ideapreneurs. Through leveraging the networks and enthusiasm of internal i-evangelists, a role developed to spread awareness of this culture across locations and teams, more than 80,000+ employees have completed the voluntary assessment to date.⁷

The learning and development team simultaneously began to build a curriculum aligned to the assessment elements, providing employees with resources to build their skills as Ideapreneurs.

In addition, HCL is integrating ideapreneurial capability into performance management discussions between

managers and employees, as well as implementing various recognition awards to celebrate ideapreneurial activity across the firm, thus beginning the journey of setting ideapreneurial activity as an expectation throughout the firm.

While all these steps are critical, HCL executives know that building individual capability is

insufficient for Ideapreneurship to become the cultural norm, especially at a pace consistent with the growth of the business. They understand the need to work with leaders at all levels of the organization to modify people practices so that Ideapreneurship can take hold and become a sustainable marketplace differentiator.



Creating the iCoach

HCL recognized that the current Ideapreneurial activity and client context varies from one account to the next. As a result, leadership decided to expand the Value Champion role (subject matter experts who assist peers on shaping ideas and creating business cases) to a broader set of accounts and to create a new organizational role, the ideapreneurship coach, or “iCoach.” This role is designed to partner directly with account teams operating in the “value zone” by facilitating context-appropriate ideas strategies to grow the team’s Ideapreneurship capability.

HCL partnered with Cornell University’s *Entrepreneurial Leadership Initiative* to: define a construct for account team ideapreneurship goal setting, formulate a role profile for the iCoach, and develop a customized educational experience to build the coaches’ ability to develop and promote team-level Ideapreneurship.

Account Team Ideapreneurship Goals



After gaining an understanding of the ideapreneurial activity within the organization to date, Cornell framed the team level goals as a

simple, clear and actionable construct: HCL teams must focus on Volume, Quality and Value of ideas.

Volume focuses on idea quantity initiated from various team members. Quality explores whether the ideas have enough substance to make them easy to nurture or to gain traction with the client. Value examines if the ideas generate financial value that will further the proposition HCL is offering its clients and potentially deliver value that can be leveraged even more broadly for HCL.

iCoach Role Definition and Capability Development

After synthesizing extensive discussions with HCL leadership, and developing an understanding of the requirements to build ideapreneurial capability within the firm, Cornell defined the iCoach role via four interrelated elements: Idea Catalyst, Process Facilitator, Trusted Advisor and Knowledge Enabler.

Based on the role profile, it was clear that those selected to be iCoaches would need to go beyond being ideators themselves. They would need the ability to facilitate teams through processes and action steps to build sustained behavior change. HCL established a highly selective nomination process and an initial group of talented leaders from across the organization were chosen as the first cohort of HCL iCoaches.

Once identified, they joined Cornell’s action learning education program, which was designed specifically for the iCoaches. This program introduced core ideation and coaching concepts to the iCoaches and supported the application of those concepts within their assigned delivery teams over the course of several months.

iCoach Role

Idea Catalyst

- Encourage intense curiosity
- Nurture collaborative conversations
- Challenge status quo & stimulate options
- Seek diverse perspectives & contributions

Process Facilitator

- Introduce & support innovation tools or methods
- Enable collaboration & ideation processes

Knowledge Enabler

- Support individual & team learning goals
- Seek out successful practices within HCL
- Share relevant learning (internal & external sources)

Trusted Advisor

- Offer valuable counsel to manager & team members
- Support a safe & trusting environment for development
- Place the manager’s/team’s interests above your own



Based on the goals for this role, Cornell designed the iCoach development program to include three primary learning threads:

1. The ideation cycle and process
2. Skills necessary to be an effective iCoach
3. Workflow and facilitation structures for a successful team engagement

The Cornell program is designed with the belief that for Ideapreneurship to grow as an individual and organizational capability, curiosity, empathy and discipline need to be manifested. The premise is that if the iCoaches can nurture these principles within a team, value-generating ideation will flourish.

Curiosity: The genuine desire to learn about something or someone through discovery, research or dialogue.

Empathy: A deep understanding and appreciation for the needs and desires of another party with the intention of providing value to them.

Discipline: Consistently applying methods and tools to address the challenges presented while trying to create or deliver value.

The Beginning of a Journey

While a lot of progress has been made, HCL sees significant potential to further institutionalize this cultural foundation and multiply the value of *Ideapreneurship* into *Relationships Beyond the Contract*. Ahead are the same challenges that any organization faces when pursuing an organization-wide cultural transformation. While there is executive level sponsorship, demonstrable traction, and eager coaches,

the appetite for this change varies, as expected, from one account to the next. HCL must continue communicating the criticality of Ideapreneurship to the firm's future and nurture broad adoption by leaders in both internal and external contexts, to fuel capability building within the firm.

As with executing any true differentiator, the path ahead is challenging, but results to date are promising, and aggressive goals are being set to propel the transformation forward. The establishment of the iCoach program is one of the key commitments HCL is making to facilitate the culture change that they believe is key to the firm's strategic future.

HCL is well on their way to demonstrating the power of grassroots, incremental, client-focused innovation. Interestingly, the process of getting there could be considered transformational innovation given how it redefines the role of the service organization in client value generation.

HCL has a goal of \$1B in client value

The alignment HCL has established between desired culture, strategic approach, and growth targets is impressive and creates a reinforcing cycle within the organization. The power of this alignment is something from which other organizations could learn a great deal. As each piece of the approach gains further traction, it spurs on the other elements. By the end of 2015, HCL has a goal of \$1B in client value, created via the work of ideapreneurs around the globe. In doing so, we believe they have the opportunity to enable greater client satisfaction, retention and new client partnerships from organizations interested in seeing what value HCL can uncover for them.

About the Authors

Michael Serino: Executive Director for the Entrepreneurial Leadership Initiative at Cornell University: michael.serino@cornell.edu.

Laura Georgianna: Director for the Entrepreneurial Leadership Initiative at Cornell University: laura.georgianna@cornell.edu.

For more information: www.ilr.cornell.edu/entrepreneurial-leadership

1. <http://www.hcltech.com/relationship-beyond-contract>
2. <http://www.hcltech.com/EmployeesFirst/ideapreneurship>
3. <http://www.hcltech.com/relationship-beyond-contract>
4. <http://www.hcltech.com/investors/results-reports>
5. <http://www.hcltech.com/empowering-ideapreneurship-forrester-award-submission>
6. Data supplied by HCL
7. Data supplied by HCL
8. <http://www.hcltech.com/EmployeesFirst/ideapreneurship>

