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# Interview with Jitu Marwaha

## Director II, Corporate Strategy and Business Development, SanDisk

Jitu is an innovation and growth leader. He is currently a senior leader in the Corporate Strategy team at SanDisk, where he drives their Business Accelerator and corporate portfolio management.

Jitu has 20 years of high-tech industry experience. He was a Senior Principal at the management consulting firm PRTM (now PwC). Jitu consulted with companies in new product development, portfolio strategy & management, innovation and growth strategy, and new business incubation for ten years. Prior to SanDisk, he led corporate portfolio management at Avaya.

Jitu has an MBA from the Ross School of Business at the University of Michigan, and BS in Mechanical Engineering from Pondicherry University in India. He can be reached at jitu.marwaha@sandisk.com

Interview conducted by Doug Berger, Managing Director, INNOVATE doug@innovate1st.com

Doug: Please introduce our readers to SanDisk and the particular role of the business accelerator at SanDisk.

Jitu: For more than 25 years, SanDisk has been expanding the possibilities of data storage. Our products are used in the world's largest data centers, embedded in game-changing smartphones, tablets, and laptops, and entrusted by consumers around the world.

I am a senior leader in the corporate strategy team and I drive innovation and growth via the Business Accelerator. The Business Accelerator was set up at SanDisk a little over a year ago to incubate new business ideas.

Doug: Before coming to SanDisk you had been advising companies on innovation and growth. You came to the job with ten years of lessons learned. What are some of the key insights and perspectives that you have gleaned?

Jitu: Over the years, I have learned that often there is a misplaced desire around disruptive innovation. There is too much emphasis on disruptive innovation as opposed to more broadly exploring new growth opportunities. For example, a company can enter a new market with a highly differentiated offering that may not be truly disruptive.

Further, in the high tech sector there is too much focus on new technology, as opposed to developing new products and services that customers actually need and want. The focus should be on incubating new businesses that can become efficient growth engines.

Another common pitfall is not tightly linking the innovation efforts with the company's goals and growth needs. Innovation is a means to an end. It should help a company achieve their strategic objectives and goals. Specifically, it should help companies close the gap between the desired growth trajectory and the current growth trajectory. This requires a clearly defined innovation strategy.

The innovation strategy should serve the corporate and the business unit strategy, and essentially answer three questions:

1) Where do we focus our innovation efforts?
2) What should be our innovation portfolio mix? In other words, how much should we invest in incremental versus breakthrough or radical innovation?
3) And, what should be our overall innovation model?

It is critical to make business model innovation an integral part of the broader innovation efforts. Most companies think of patents or technology related innovation, or, at best product innovation. We all know that business model innovations can be powerful but they are extremely challenging. Established companies struggle to make even the smallest change to their existing business model. The challenge is to create space for business model innovation within the company.

I would also say that the biggest barriers to innovation are not time and resources, but mindset. Over the last ten years or so, as a result of various articles and books on innovation, executives have learned terminologies like disruptive innovation and business model innovation. But still, we are all victims of our own mindset. When we look at any new opportunity or new idea, we bring our own beliefs, values and experiences to it. It is very difficult to look at an opportunity or an idea with a truly open mind.

Doug: Extrapolating from there, not only do we have a stumbling block at the individual level but then we have collisions of mindsets that don't get surfaced and resolved. This creates a lot of noise in the background.

Jitu: The mindset challenge is not only at an individual level but also at a collective level. Executives are usually comfortable with and focused on incremental innovation. Ultimately that is what brings revenue and profits in the near term and what keeps a business going. As much as we want to be excited about breakthrough and radical innovation, we need to first realize that incremental innovation is very important for the success of the company.

You are naturally going to spend most of your time and money on incremental innovation and there is nothing wrong with that. Companies need to keep improving their products and services. You do it to churn out the next product in the existing product line, to keep satisfying your customers' needs and requirements, and to make sure that your current product portfolio remains competitive in the market.

However, I have found that most innovation portfolios are limited to incremental innovation. When 95-100% of your investments are in incremental innovation, then you have a problem. Companies need to have the discipline to make the space for breakthrough or radical innovation by allocating a larger portion of their investment dollars, perhaps 30%, to bolder innovation.

Doug: In discussing the formation of a business accelerator or business incubator, what have you found to be the dos and dont's?

Jitu: Most companies do not lack innovative ideas, but they lack a systematic way of exploring and nurturing those ideas. This is where mechanisms like the business incubator or accelerator play a critical role. Existing business units are tied up with meeting their quarterly and annual targets. They do not usually have the time and resources to explore ideas outside their core businesses. And as we spoke about earlier, their world view is also colored by their beliefs, values and experiences. The business accelerator can provide the necessary resources and an open environment to explore new growth opportunities. In my observance and experience, there are three key success factors.

First, you need to have a broad scope. The ideas could result in a new product line within an existing business unit, a new business unit, or could even be spun out in a separate company. Some business incubators focus only on exploring ideas that existing business units are likely to adopt. Naturally this limits their opportunity space.

The second is to *insulate* but not *isolate*. Many companies set up their skunkworks or blue sky group and make them separate from the larger organization. They are more like a black box or an ivory tower. It is important to avoid that. It is important to protect such groups from the innovation antibodies in the company, but they should not be disconnected from the rest of the company. So, *insulate* but do not *isolate*.

A key advantage that big companies have over startups is access to assets and resources. I recently met a CEO of a startup whose main challenge was to get access to specialized testing equipment, which was very expensive. Most corporate enterprises would have such equipment already available in their labs.

The third success factor is to emphasize the testing of ideas. It is critical to understand the key assumptions behind the idea. If you take a look at the history of innovation, most ideas have failed because they were based on assumptions that the market did not support. Is this truly a need or pain point that the customer cares about? Would they pay for it? How much? Lean startup methodologies are a good approach to validate the key assumptions of an idea and change direction as necessary.

Doug: With regard to insulate not isolate, I think it's easy to see the boundaries when you are dealing with very early stage ideas, exploring in the marketplace with customers, maybe doing early experiments. How far downstream in the commercialization effort is the appropriate role of an incubator?

Jitu: Certainly when you have a new idea that falls outside your core businesses, you want to test out the assumptions and ensure that there is a product market fit. Prototyping and proof of concept are good ways to validate the idea and establish its feasibility.

Once you have done that, you need the support of the existing business units and functions within the company to commercialize the idea and bring it to market. It’s important to involve them early on and not wait until the commercialization stage. For example, when we receive ideas we frequently review the idea with relevant experts from a business unit and get their feedback.

At the same time, you need to strike a fine balance – on one hand, you want the benefit of their expertise, and on the other hand, you do not want to be limited by their mindset. One way to do that is to involve existing business units on an aggregate basis, but insulate your early exploration within the business accelerator.

Sometimes your idea may be so different that it really falls way outside what any business unit would be interested in. In those cases, you would need to think of using the business incubator to commercialize the idea on its own, potentially through establishing a new business unit.

Doug: One of the pitfalls and a dilemma that I've found is the following gap - business units are used to introducing something into the market at scale, and accelerators are often used to getting something to the stage where it is commercializable. The incubator is not set up to commercialize and the business unit is not set up to commercialize limited scale.

Jitu: How far the incubator should go is a choice. Should it only develop a prototype or proof of concept, or should it actually launch the product? What role should it play in scaling up? You are quite right in pointing out that even if you have done a prototype or proof of concept, and if you transition the idea to an existing business unit, it may die over time for lack of attention and resources.

You have to be very careful about when you transition an idea into the business unit. There is no cookie-cutter approach here. It all depends upon how much interest there is within the business unit for a particular idea and how much support is available. For one of our ideas, we found that the business unit was already thinking along similar lines. They were very enthusiastic and supportive of the idea. We transitioned it from the accelerator to the business unit very early on, and that idea has received the right kind of support from the business unit.

In other cases it may be better for the business accelerator to do the initial launch of the idea, and to formally establish the idea in the market, before scaling up with the help of the business unit. You want to make sure that you're transitioning to the BU when the BU is fully bought in and is going to actively support the further scaling up of the idea.

Doug: A pitfall that I find in accelerators is that the focus is on the product or service, rather than more broadly including the go-to market model.

Jitu: When we start exploring an idea we begin by first defining the overall business model. Then we identify the assumptions that business model depends on for its success. One of the insights that we have shared with our innovation teams is that the deliverable of a startup is not the product but the business model. This comes from the lean startup methodology. At the SanDisk business accelerator, we focus from the beginning on defining a viable, scalable and sustainable business model.

Doug: I see companies using Net Present Value to financially evaluate new growth opportunities, and then new growth opportunities never look good, as compared to those that are incremental. What have you found to be best practices to financially evaluate new growth opportunities that are beyond incremental?

Jitu: The right approach starts a few steps upstream. You don't want to put new market ideas through the same process that you use for your existing businesses. In fact, the whole objective of having a business accelerator is to have a parallel process. That way, everybody knows that ideas within the business accelerator are not going to give you an immediate and quantifiable return. However, everybody also realizes that these ideas could become future growth areas for the company. You need to look at the potential opportunity size as opposed to what is the net present value.

In reviews and discussions, our executives focus more on the business model and the opportunity size. Does the business model make sense? Is it scalable? Any estimates presented in the early stages are likely to be off-base anyway. So they are seen as rough indicators of opportunity size at best.

Doug: When did you start the accelerator effort at Sandisk?

Jitu: We received a tremendous support from our CEO and executive team when we started the accelerator over a year ago. The program is sponsored by our chief strategy officer and is governed by a business accelerator board. The board is chaired by our CEO and it includes the chief strategy officer, the CFO, and other senior executives. The board acts as a venture capitalist in its review.

We have incorporated the business incubator or accelerator key success factors mentioned above. We have a broad vision about what an idea could evolve to be. We actively leverage and collaborate with the rest of the organization and have adopted the lean startup methodology to test and evolve our ideas. Over the past year we learned a great deal about how to test ideas.

Doug: Can you discuss some areas that you are pursuing within the business accelerator?

Jitu: While we're not limited in terms of what we explore, we are keen on exploring ideas that align with areas of strategic interest such as mobile, wearables, internet of things, cloud, data center and big data. We have received ideas across all of these areas from our employees and we have been exploring them over the past year.

Doug: How far would you expect to get exploring an idea in the course of one year?

Jitu: There are no set expectations. Sometimes we explore an idea, it seems promising, and it may receive support and some initial funding from the business accelerator board. Then, as we continue to explore, we may learn something about that idea that makes us either change course, or abandon it if we don't see a viable path forward. We are ruthless about killing ideas as soon as we learn that it does not make sense to go forward with them. We have at least one idea at this point that we are working on developing and hopefully launching in the market.

Doug: How do you seek out and incubate ideas?

Jitu: Our own business accelerator team is very lean. We do not have a full-time person dedicated to running the business accelerator. I spend roughly half my time on it and I am supported by three or four people who do this on top of their day jobs.

There are many ways to get ideas -- you can ask employees to submit ideas, run an ideation workshop, or run an idea campaign. In our course of a year, we have emphasized getting ideas from employees. Employees, either individually or in teams, submit their ideas and then we review them. The business accelerator team meets weekly to review the ideas and identify those that are worth exploring. To manage the exploration of ideas, we set up cohorts. Up to five idea teams become part of one cohort which runs for a period of ten weeks. During this period, we educate them about the business model canvas, lean startup principles, and we apply these principles to test out their ideas and to pivot as necessary.

Incubation is a three-stage process. The three stages are Learn, Build, and Launch. The Learn stage starts with the ten-week program mentioned above. At the end of the ten weeks, the idea teams make a pitch to the business accelerator board. If it gets funded, we continue with the learning process. Once an idea has sufficiently matured through the learning process, and we have a high degree of confidence that there is a viable, scalable, and sustainable business model here then we move to the Build stage.

During the ten-week program, employees work on their idea on their own time in addition to their day jobs. They are involved because they are passionate to become entrepreneurs within SanDisk. However, once the ten-week program is over, and if they get funding then there is formal allocation of their time to work on the idea. Once the idea is ready to move to the Build stage, they would dedicate themselves fully to working on the idea.

For example, a person who worked with us on an idea got the green light from the accelerator board. They transitioned from their day job into the accelerator. We added a couple of full-time and a couple of part-time members to develop the idea and bring it to market. They are outsourcing a lot of the actual development of the product to external partners.

Doug: What are some of the lessons you have learned doing this at SanDisk over the past one year? What do you see for the accelerator over the next two years?

Jitu: I think structurally we got it right because we were able to apply the lessons learned from other companies in designing our own business accelerator model and processes. But over the past one year we have learned a lot about how to apply the lean startup principles in a corporate setting.

For example, the lean startup methodology emphasizes customer interviews -- as they say, the truth is outside the building. We found that some employees struggle with conducting interviews with strangers, and we're now making sure that they not only have the necessary skills, but also feel comfortable doing the customer interviews.

The second thing that we learned around the lean startup methodology is how we should test ideas, what we should measure, and what we should learn. Those things do not come intuitively to everyone and we need to set up the right support to ensure that the methodology is applied correctly.

Key for us over the next two years is to develop and launch a couple of successful products and services.