Developing**Leaders**

Quarterly

MAKING ORGANIZATIONS MORE HUMAN

Innovating Innovation

Catalyzing your leadership practice

Thinking imprinted.

The first step on any leadership development process is to create space and condition for reflection on your leadership practice.

Multiple studies have concluded that we absorb and digest information better when we read off the printed page. Reading is focused, uninterrupted and, with the chance to note down our own thoughts in the margins, print allows us to actively engage with the subject.

To embed the change, Developing Leaders Quarterly is best in print.

Developing Leaders Quarterly print edition is ideally formatted to slip into your pocket, bag or briefcase to read when you find you have a few minutes to spare before a business guest arrives, while commuting, at the airport…

Contents

By Agustin Couto, Kelsye Gould,
Gian Taralli, and Jason Wisdom

Hacking Our Way to Innovation

How Facebook reimagined its client relationship practices and helped global brands to innovate

An Insider's Look at What Drives Innovation

When I, Agustin, joined Facebook in 2017 as Head of Learning and Development for Latin America, I came from 20 years in L&D consulting and was

Facebook had a strong culture based on collaboration, experimentation, and focus on impact. There was a tacit expectation that individuals and teams should fail from time to time because, "if you're not failing, you're not growing."

accustomed to serving large corporations to elevate their teams' skill level. I was used to delivering transformative learning programs to change business practices for targeted teams inside large organizations, but I had not yet managed system-level change. By becoming an an insider in a large corporation like Facebook - as opposed to an outside consultant - I had more leverage to influence multiple teams at once through an extended period of time. As I was to discover, it would grant me the opportunity to drive systemic transformation, especially in an organization that had peculiar characteristics that, I can tell in hindsight, were key ingredients to drive innovation.

The first thing that struck me when joining Facebook was the elevated skill level and talent of the people that worked there. It was not uncommon that people left director-level positions in large banks, telecoms or consulting firms to be senior account managers at Facebook. Renowned leaders in top advertising agencies would join the Creative Shop team, mathematical geniuses would

leave academia to join the Marketing Science hub. Over a few years, this led to a highly talented pool of driven people that wanted to perform the best work of their careers. This was great, but not necessarily conducive to innovation on its own. The fact that we had very talented individuals did not mean they would together undertake productive work and build the required relationships. It is a well-known fact that a team composed of stars does not necessarily win the championship.

This is where culture kicks in. Facebook had a strong culture based on collaboration, experimentation, and focus on impact. There was a tacit expectation that individuals and teams should fail from time to time because, *"if you're not failing, you're not growing,"* and an expectation that you should also produce breakthrough achievements from time to time

When you have talented, driven individuals embedded in a culture like that, you get an organization that can collaborate and drive a lot of change. Hackathons, in which teams would get together to solve a specific challenge, were a common practice. Although teams were used to collaborating and producing amazing results, Hackathons were mostly technically oriented, focused on improving results on Facebook's advertising platform. When involving clients, collaboration projects would revolve around improving the execution of their digi-

tal marketing campaigns, optimizing ads, systems integration or the creative aspect of digital ads, generating results specifically to the marketing team responsible for digital campaigns within clients. They were not innovating in Facebook's go to market approach, its commercial practices, or in the way they related to clients.

To learn the business, I would sporadically shadow sales professionals to client calls. Every time I did it, I was impressed with the high level of trust they had earned from their clients, the world's largest brands. Through diligent work over a few years of serving the same book of business, the commercial teams had positioned themselves as trusted advisors: clients would listen to them attentively and, very often, follow their recommendations. Facebook was a small size operation in Latin America when compared to its clients; yet they had significant influence over their decision making in regard to digital marketing and advertising.

Despite their high level of influence over clients, at the end of 2017, the commercial team was facing a critical challenge: they had committed to another year of intense growth, but there was no clear path to accomplish it. For the past three years, the Latin American Facebook team had been driving hyper-growth, moving from being the slowest to the fastest growth market globally. This led them to take most of the digital advertis-

ing budget available in the market, and they started to plateau. There was no clear way to generate new or additional revenue streams to sustain the committed growth. We had hit saturation.

That was the moment the Vice President of Facebook LatAm and the Head of Sales LatAm came to me asking for some type of learning intervention that could make the teams more strategic in their approach to the market. The idea was to make teams go beyond their traditional way of doing business and start tending to broader client needs. If we were to keep growing at high

rates, we needed to start addressing client challenges that would involve new, more elaborate and larger advertising solutions. In other words, we needed to innovate.

As Head of Learning, I knew that offering one more traditional training would not cut it. The solution needed to transform our way of working, leveraging the trust clients had in Facebook's culture of open experimentation. We needed an innovative, hands-on approach to get Facebook *go to market as a strategic enterprise team*. To create such an approach I needed help, and that's when I reached out to The Design Gym, a consultancy specialized in that field.

The Innovation Hacking Program

Painting the Vision

When designing a strategic engagement approach for Facebook's most important clients, it helps to imagine what these clients would say after a successful experience. Ideally they would say things like "The Facebook team is our chosen partner to lead innovation in the way we advertise." Or "Facebook helps us move things forward.", "They have a definite seat at our strategy meetings."

With this ambitious vision in mind, the Design Gym team embarked on a robust discovery process. To better understand the needs of Facebook teams and their clients, they interviewed 30 internal and external stakeholders and reviewed past client surveys.

From this research, they learned that although advertising clients generally had a positive relationship with Facebook, the nature of that relationship tended to be more *tactical* and *transactional* when, in fact, they were looking to Facebook to be more of a *strategic* and *consultative* partner. They wanted their conversations to shift from media pitches to advising on business growth and market trends.

However, the sales environment was already challenging due to greater competition, increased quotas, and dwindling "low hanging" opportunities. Asking Facebook teams to deliver on clients' growing expectations while also serving as strategic partners required more than shifting how they worked with clients. It required the organization to shift how it evaluated success from short-term quotas to creating long-term value.

The cross-functional nature of the program is a markedly different way of working for Facebook's customers. In fact, for some of them it was their first time working across the aisles.

It became clear that a solution that any innovative design that addresses these expectations had to help Facebook teams:

1. Understand their customers' perspectives and needs;
2. Look for challenges that are meaningful to their customers;
3. Consider solutions that feel innovative to the client; and
4. Create a team mentality around the client challenge.

With these insights and design principles in mind, as well as inspiration from Facebook's history of technology Hackathons, the team designed a customer engagement program called *Innovation Hacking*.

Innovation Hacking is an approach for quickly and collaboratively creating marketing plans and initiatives that are consumer-centric, actionable, and mutually beneficial. It consists of three phases:

1. **The Challenge Phase** - understand the context surrounding the client's problem and reframe the challenge accordingly.
2. **The Ideas Phase** - create innovative solutions and prioritize a range of short, medium, and long-term ideas to test.
3. **The Action Phase** - align with the client on the ideas to test and implement.

Learning by Testing

In the spirit of Design Thinking and iterative learning, the program was piloted with two Facebook customers in Brazil. To test the approach in different organizational cultures and industries, two different types were selected for the pilots. One was an e-commerce company that was known for being innovative. The hypothesis was that they would be more open to experimenting with a new approach. The other one was a more traditional company in the beauty industry with whom Facebook had already established trust but wanted to grow the relationship. Here, the hypothesis was that the initiative would help realize a greater potential to generate more business with the client.

The pilots validated both hypotheses, along with several other assumptions, including:

The customer and the Facebook teams are open to new ways of working. The Innovation Hacking framework allows Facebook teams to have a different kind of conversation with their clients. Rather than pitching products or selling specific outcomes, the sales teams listen to their customer's unique needs and challenges, and help them generate, prioritize, and implement ideas.

Innovation Hacking drives both short- and long-term outcomes. Innovation Hacking helps Facebook teams to have both tactical *and* strategic conversations with their customers, addressing both short- and long-term goals. This results not only in a robust pipeline of sales opportunities, but leads also to real, actionable outcomes. For example, one pilot customer shifted their entire Q4 strategy based on the experience, which opened a whole new line of investment for the sales team that sustained into the future. The team estimated that the experience could unlock an additional $3M in recurring revenue.

There is value in cross-functional collaboration. The Innovation Hacks bring together diverse stakeholders—marketing, communications, sales, strategy, finance,

product, or sometimes even HR or manufacturing—from both the customer and the Facebook organization, as well as the customer's media agencies. Not only do these various perspectives contribute to a broader range of ideas; it also increases the likelihood that ideas are actually implemented due to the buy-in and alignment that is generated across teams and organizations.

The cross-functional nature of the program is a markedly different way of working for Facebook's customers. In fact, for some of them it was their first time working across the aisles. As a side effect, those engaged in the project elevated their political capital among their colleagues.

On Facebook's side, the cross-functional design allows the team to grow their influence and develop new contacts within the client organization, beyond their usual media and marketing collaborators. At the same time, involving Facebook team members beyond media signals their commitment to helping the client with their challenge. It is a win-win solution for everyone involved.

Continuous Improvement
Even after formally launching the program and engaging additional customers, the consulting team continued to iterate on their approach. Following each engagement, they collected feedback from both Facebook and

During the pilots, it became quickly apparent that identifying the "right" customers with the "right" problems at the "right" time is critical to ensuring the best use of the required social capital.

customer participants, which helped fine-tune the experience. This spirit of continuous improvement has kept the project nimble and responsive to key learnings, including those outlined below:

Make the investment worthwhile. Innovation Hacking requires a significant investment of resources from both the customer and Facebook stakeholders. During the pilots, it became quickly apparent that identifying the "right" customers with the "right" problems at the "right" time is critical to ensuring the best use of the required social capital.

The "right" clients are those with whom a sales team is looking to grow their relationships, influence their marketing strategy, and/or help them think beyond short term outcomes. Engaging a client's executive leaders or decision makers in the process was critical to the project's success, and the most successful Innovation Hacks

have executive leaders attend the workshop, as well.

The "right" problems for Innovation Hacking

- Support the client's broader strategic and business goals,
- Allow for a pipeline of short-term and long-term possibilities,
- Are relevant to Facebook's expertise, strengths, and resources,
- Don't require a significant amount of research or specialized expertise outside of the core team, and
- Are issues that the client teams are passionate about.

Innovation Hacking Challenges the various companies faced differed significantly depending on the industry context:

- How might to maximize synergy among individual brands to increase the overall market share? (Consumer Product Goods)
- How to identify occasional guests and increase the

frequency of their visits? (Food & Beverage:

- How to increase preference of the brand among the young AB audience? (Beauty)
- How to acquire 50 million new unique buyers by 2020? (E-commerce)
- How to improve brand perception beyond pricing, closeness & assortment? (Retail)

It became evident, that the "right" time to do an Innovation Hack is during moments when they can have the most impact on the clients' business (e.g., before major planning cycles, whenever there is a strategic shift in business priorities, or when a sales team wants to intentionally grow their client relationships).

Meeting clients where they're at

One of the differentiating elements of the Innovation Hacks is the *Consumer Insights Presentation* where the Facebook team shares market trends, consumer research, and/or external inspiration related to the client's challenge. The presentation is an excellent opportunity for the team to add value through new perspectives, demonstrate care, and position themselves more competitively. While this level of customer-centricity is a new muscle for most sales teams and tends to take the most time to prepare, it is a critical component of

the process. By empathizing with the client's challenge and pain points, rather than pushing media solutions, the Facebook team can open the door to more strategic conversations with their clients.

Maintaining momentum

After the first few Innovation Hacks, it turned out that some clients are better at implementing the Action Phase than others. Some teams struggled to know how to help their clients prioritize the ideas that came out of the Innovation Hack. To respond to this challenge, the consultants designed a *Prioritization Meeting* at the end of the Innovation Hack workshop to assess each of the ideas based on their desirability, feasibility, and viability. This meeting has proven to be critical to aligning the next steps and moving ideas forward, especially if some of the initiatives require mid- or long-term implementation.

Impact and Scale

As the program evolved, so too have the metrics to track success. Initially, success was evaluated based on participants' feedback on their experience. Would they recommend it to others (net promoter scores)? Did they feel the workshops resulted in innovative ideas? Were they a valuable use of time? - etc. These metrics may be favorable indicators of success, but in order to scale, metrics
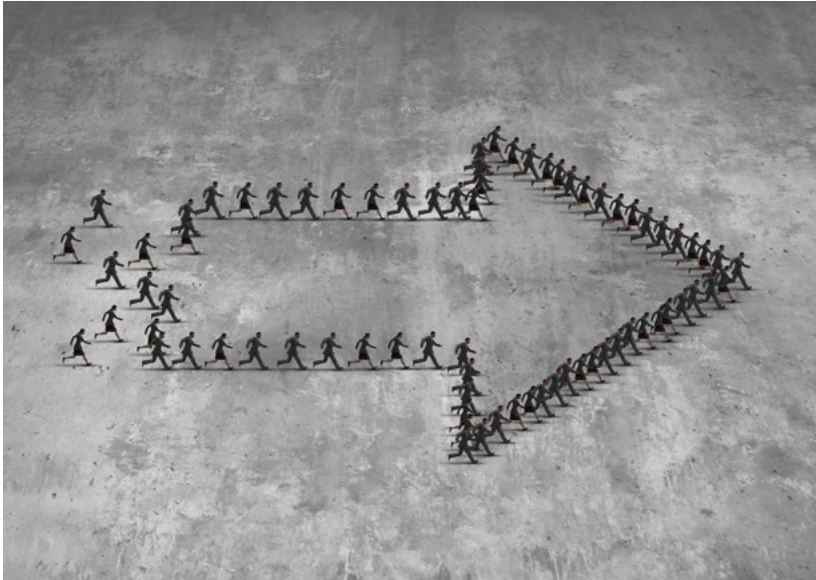
also need to include business results.

So, in addition to sentiment, they began tracking financial and relationship metrics over time. How much new sales pipeline was generated (tracked through Facebook's CRM)?. What new lines of investment have emerged because of Innovation Hacking? How many new client contacts were created? The combination of both qualitative and quantitative metrics has helped the team make the case to scale the program to more clients across Latin America, delivering a total of 29 Innovation Hacks over the course of a year and a half.

While Facebook's clients - the world's largest brands - have had a remarkable experience, it has also resulted

By leveraging the current trust in your own business network, it is possible to entice different stakeholders to achieve a common goal, as long it is genuinely based on addressing the main stakeholder's needs.

in material success for Facebook's business, generating a 20x ROI measured in sales pipeline generated by the initiative.

Enabling Innovation and Change

The experience that involved multiple organizations in multiple countries showed that collaborative approaches like the one described here are useful interventions that help teams increase revenue with clients or partners, broaden relationships and deepen trust, or drive innovation to solve common challenges.

By leveraging the current trust in your own business network, it is possible to entice different stakeholders to achieve a common goal, as long it is genuinely based on addressing the main stakeholder's needs, in this case Facebook's clients. It is what inspires and agglutinates the efforts.

Once the intention to serve the main stakeholder needs is clear, a well-designed program can guide multi-

They also discovered that by joining forces they could act as an enterprise team that added tremendous value as opposed to separate teams solving specific technical issues. Collaboratively pursuing this higher goal of solving the clients' strategic challenges was a change enabler that allowed many of them to experience doing the best work of their careers.

ple teams into building, sharing, and creating together. Inspired by design-thinking methodologies, the *Challenge Phase*, the *Ideas Phase* and the *Action Phase* guided increasingly larger groups to accomplish specific tasks throughout the weeks, leading to the day in which all the stakeholders got together to create a common understanding of their business challenge and craft innovative solutions.

It was inspiring to see that, through the these practices, Facebook professionals changed their mindsets, and consequently changed their attitudes. They realized first-hand that they could leverage the trust they

had built and positioned themselves differently, challenging the clients to act in new, more productive ways. They also discovered that by joining forces they could act as an enterprise team that added tremendous value as opposed to separate teams solving specific technical issues. Collaboratively pursuing this higher goal of solving the clients' strategic challenges was a change enabler that allowed many of them to experience doing the best work of their careers.

It is possible to break silos and drive innovation with the intelligence already available within existing teams. It is possible to foster autonomy and empower people to step up to a higher game. It is possible to bring together a diverse set of stakeholders that would not normally collaborate and enable them to find innovative solutions to common challenges.

Maybe what is required is just to innovate innovation.

Agustín Couto empowers teams in global organizations to perform at their very best. He's currently director of Learning and Leadership Development at Pure Storage.

Kelsye Gould, M.S., is a Manager at The Design Gym where she helped develop and facilitate the Innovation Hacking program.

Gian Taralli is Director at ?What If! Innovation, part of Accenture

Jason Wisdom is a Co-Founder and Partner at The Design Gym. the global strategy and innovation consultancy behind Facebook's Innovation Hacking program.

www.thedesigngym.com

DevelopingLeaders Quarterly

Choose your subscription for **unlimited access to all DLQ articles and back issues** and to **receive priority invitations to events, special editions** and **discounts** on selected products and services

---

FEATURED OFFER

Unlimited Digital Access

$3 for 3 months

~~$6/Month~~ | Save 83%
then $6.00/month

SELECT

Unlimited Digital Access

$55 / year

~~$72/Year~~ | Save 24%

SELECT

DELIVERED TO YOUR DOOR

Unlimited Digital Access + Print

$95 / year

Get 4 beautiful collectible booklets for your library for only $40 more.

SELECT

We also offer organizational subscriptions for those looking to support their colleagues with a regular quarterly print and/or digital delivery of leadership thinking.

Organizational subscriptions are discounted from the above rates, please contact **editor@dl-q.com** to discuss.

IDEAS FOR LEADERS
CHANGING THE WAY WE THINK

CFFO CENTER FOR THE FUTURE OF ORGANIZATION

www.dl-q.com