



From corn-fed innovation to roast chicken

Gaule: As an entrepreneur who has built businesses that have attracted corporate partners, give us a brief introduction to your background in this area?

Roth: My standard line is that I'm both a "serial" and "cereal" entrepreneur because while I have spent the past 25 years creating and running businesses in various categories, the one I have gained the most notoriety for involved actual cereal – the quick-serve restaurant chain, Cereality Cereal Bar & Café. That was a breakthrough business that had initial backing from PepsiCo's Quaker Foods division – in exchange for proprietary data and category exclusivity on our menu – and all sorts of other unique strategic relationships with such companies as Dodge, Old Navy, Dreamworks and Mars, to name just a few. Back when I was in my late 20s, I started a travel magazine that focused on epicurean adventures, *Palate and Spirit*, which I launched with a key strategic partnership with Ritz-Carlton, and then struck unique partnerships with other hotel conglomerates, James Beard Foundation, and eventually, the New York Times. More recently, I have directed my attention to creating a variety of large, proof-of-concept platforms for corporate venturers called *Innoinvestments*. The model involves live-prototyping new products, services and ways of doing business, all of which are reverse-engineered to meet the strategic needs of corporations that come on board as seed investors. Concurrently, my co-founder from Cereality and I operate as a strategy and design duo called *Get Stirred Up*, where we help companies with the branding side of innovation.

Gaule: Why do you believe corporates need to work with external ventures?

Roth: There is a tagline that succinctly answers this question – perspectives matter. I am a firm believer that both the scope and breadth of raw data and nuanced insights that can come from those running external ventures are invaluable assets to whatever activities a corporation is undertaking to create an innovation pipeline. This is the case, even when the venture is not overtly tied to a corporation's main offerings. Entrepreneurs cannot afford to ruminate on clever ideas – that is kryptonite for them. They necessarily are tethered to actionable ideas. And getting real-time, un-



In our series of interviews with leading innovation and venture developers, Andrew Gaule, left, founder of the Corven Corporate Venturing Network, talks David Roth, managing partner, Innoinvestment Partners and Get Stirred Up

tered consumer and industry feedback on how those ideas – whether they are new products, services or experiences – are embraced, or not, is invaluable to a corporate partner.

Gaule: What can an entrepreneur and start-up bring to a corporate?

Roth: On the assets front, real-time and proprietary data; a sandbox to validate or discover new opportunities that are either directly or indirectly tied to their core business; and "tribal" customers in existing or new channels. On the traits front, sustained alacrity, sheer moxy and authentic engagement with the marketplace. All of these benefits are predicated on the assumption that the entrepreneur is driven by a desire to disrupt the status quo, rather than merely be self-reliant and unencumbered by bureaucratic restraints. The latter represents virtually no value to a strategic investor.

Gaule: Who are the best corporate people to engage with the start-up?

Roth: Big thinkers, people who embrace risk and visionaries – so, chief executives or presidents of significant divisions. They can really champion the partnership and evangelise their leadership teams around both the strategic and tactical goals both parties share. In one of my ventures, the president who signed the contract and provided the funding, for a variety of reasons, did not feel it imperative to share that information with direct reports or anyone else in the company. That was initially a huge relief for me because it cut out all the red-tape, yet once the venture was under way and I ran into a tactical bump in the road, it was a mess. But living up to that role of champion, that individual summoned all direct reports, explained the relationship the company had with my venture, and mandated each of them – even the most stunned and cynical – to get me what I needed. Ironically, one of those more sceptical individuals later took over the president's role and became my biggest advo- ►



cate. I would like to say that is because I am good at nurturing relationships, but it is more likely because her children were huge fans of that venture.

Gaule: How can venture units improve the process of bringing in the capabilities and building a partnership?

Roth: I understand that corporate venture units are necessarily looking beyond the standard scout-and-bid routine that has proven costly, combative and more often than not caused gigantic headaches when it comes to channel distribution and brand continuity. They are building closer relationships with institutional investors, experimenting with internal incubation labs, hiring innovation firms to come up with arsenals of clever ideas, and they are attending “hackathons”. Some are even creating dedicated partnerships with start-up bootcamps. In all cases, the idea of owning or having their hands in a portfolio of ventures is key. The model I advocate is to create investment opportunities for corporate partners where we reverse-engineer, pre-vet, and then live-prototype large proof-of-concept ventures – not operating companies – that are specifically designed around their strategic goals, preferably those tied to their brand’s overarching promise. The benefits of this approach are low cost-of-entry, access to exclusive, real-time data and lessons that come from being involved in every phase of the venture’s highly structured and sequential lifecycle, the immediate and unfiltered response from the marketplace, including but not limited to end users, analysts and the media, and the pre-existing structure to convert the proof swiftly into the pudding – that is, to translate all the wins strategically into a viable operating enterprise.

Gaule: What approaches have you found work to give joint benefits to the start-up and corporate?

Roth: Simply stated, finding unexpected and dynamic ways to deliver against a shared brand promise. Start-ups and established enterprises have this in common, so it is a good starting point for collaboration. For example, when I first pitched Cereality to potential corporate partners as a potentially huge new channel for distributing cereal, that fell on dead ears. But when I explained that while we were serving cereal, we were really selling “Saturday morning”, that clinched the deal – with CPGs (consumer packaged goods), automotive companies, fashion retailers and even a Nascar team owner. They all shared in that ideal promise. Also, data is king – access to proprietary, real-time data on consumer behaviour is vital to them, and category exclusivity is queen (no explanation needed). And finally, I secure alignment

around what I consider to be hallmarks of all successful innovations: that the brand serves as the outline to the top and bottom lines at all stages of a venture’s evolution, that shifting commodity to experience delivers dramatic results, that the conversation resulting from those experiences reinforces the overarching promise being made, and that the “idea stewards” must be visible and vigilant at all times.

Gaule: What do you do to relax when you are not building ventures?

Roth: I am a total foodie and a self-soothing pianist. I love the old standards, in both cases. I don’t follow recipes and I play by ear, so I guess you could say that I relax by improvising. Great food – whether I am eating, preparing or critiquing – has always been a tremendous source of pleasure for me. There is this roast chicken recipe I came up with where I put gorgonzola under the skin, stuff the cavity with fresh rosemary and a head of garlic, and serve everything over a toasted bread salad filled with arugula and currants. It is my signature dish. And I have what’s called a “fake book” on the grand piano I was given as a 40th birthday present that has just the right amount of Gershwin and Porter to get me going. With a little vintage port on hand, I am known to break out in an Italian aria. ■

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