

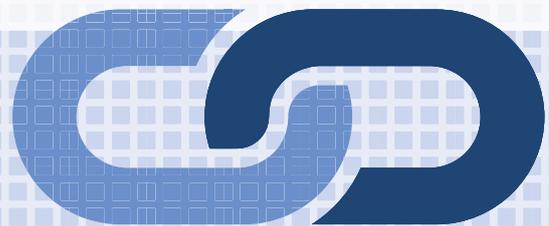


wbcasd education



# Incubating Sustainable Business Growth

How to accelerate corporate innovation to drive sustainable business growth



WBCSD Leadership Program 2016

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# Executive summary

“Accelerated innovation and collaboration will be critical for companies to do their part in meeting the sustainability challenges that we all face and achieve genuinely sustainable business growth. The recommendations in this guide are key positive steps toward business sustainability success.”

**Gretchen R. Govoni,**

Director, Corporate Sustainability, Saudi Basic Industries Corporation

Corporate innovation is integral to an organization’s growth. By exploring long-term business opportunities and challenging the status quo, businesses can deliver disruptive innovations that take advantage of new business opportunities and establish a leadership position in the market.

In recent years, companies have begun to collaborate and co-create with partners outside their organization to incubate and accelerate the traditional innovation process and scale up the potential benefits of a new product or service.

Incubation (for the purpose of this report) is the nurturing of new business ideas, separate from core business operations, to accelerate the innovation process. In contrast to traditional in-house innovation models, this is often facilitated through external partnerships between multiple organizations.

Through a unique and highly flexible combination of business development processes, infrastructure and people, large companies can access new markets, products and services, while smaller organizations can access funding, routes to market and more.

But the accelerated business growth fostered by incubation models cannot be achieved solely by working with external partners. It must also respond to changes in the external operating environment. One of the most significant changes in recent years has been the growing expectation, and necessity, for companies to play their part in delivering on the Sustainable Development Goals (SDGs) while delivering sustainable business growth. Ultimately, for a business to thrive so must the communities in which it operates.

Opportunities abound for companies that adopt an incubation model, including accelerated development, easier adaptation to future events (future proofing) and knowledge sharing. However, traditional structural and cultural barriers within larger organizations can often limit its success. Successful incubation requires the right strategic fit, model, partners, governance and organizational culture.

To realize the business benefits of tomorrow, we must reconsider the way we work today.





# 1. Introduction

The world is changing. Globalization has led to rapid business growth and the world has become more interdependent, volatile, uncertain and complex. Digital businesses in particular are developing at a rapid rate, disrupting traditional business models and whole industries. Large organizations are realizing that to compete they need to embrace new and agile ways of working. One way that companies are breaking the mold is by partnering with external organizations to innovate.

Successful companies have traditionally approached innovation through a dedicated in-house team that processes a steady stream of incremental research and development. But in today's rapidly changing external environment, this innovation model is not agile or disruptive enough to take full advantage of modern opportunities and overcome challenges.

Large companies are increasingly opening up their innovation process and seeking out partners that can help them create more value for their customers, and ultimately themselves. Such "open innovation externally sources knowledge and capabilities to accelerate internal innovation and market growth respectively."<sup>1</sup>

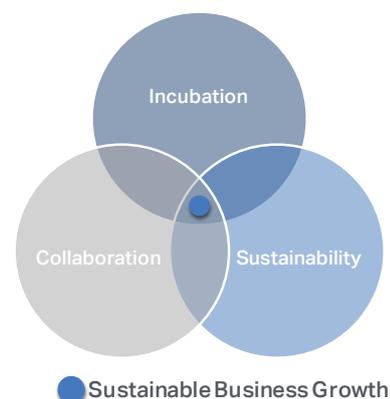
One way to do this is by creating an innovation incubator<sup>2</sup> (either in house or through a third party organization) that is separate from the core of the business and facilitates collaboration between multiple organizations on a shared innovation opportunity. This insulates the innovation process while ideas are in the early stages of development, protecting them from competing with the priorities of the broader business. In turn, it also protects the business until the risks and opportunities have been fully identified. Once an innovation has been approved, it can then be scaled up, leveraging the economies of scale offered by a large business and maximizing the return on investment for all parties.

1. Chesborough H.W (2003) 'Open innovation: The new imperative for creating and profiting from technology' Watertown MA:Harvard Business Press

This approach could be particularly effective in areas that are the most complex and require the skill sets of multiple organizations to access the shared value delivered by a given opportunity. One such area is the increasing pressure on companies to contribute to reaching the United Nations Sustainable Development Goals (SDGs) while delivering sustainable business growth. Arguably, sustainable development and sustainable business growth are symbiotic and should be considered as such when accessing the business opportunities of the future.

This guide therefore provides companies with ways to successfully collaborate on, incubate and accelerate innovative new solutions. It also suggests how an incubation model could be used to address the SDGs and deliver genuinely sustainable business growth that benefits people, the planet and prosperity.

The data and case studies that inform this guide have been extracted from a survey distributed in 2016 to 20 World Business Council for Sustainable Development (WBCSD) member companies and spanning 13 sectors. The findings are supported by a literature review and interviews with existing incubator organizations Enviu ([enviu.org](http://enviu.org)), DIVA ([www.diva.ventures](http://www.diva.ventures)) and Outside Inc. ([outside-inc.nl](http://outside-inc.nl)).



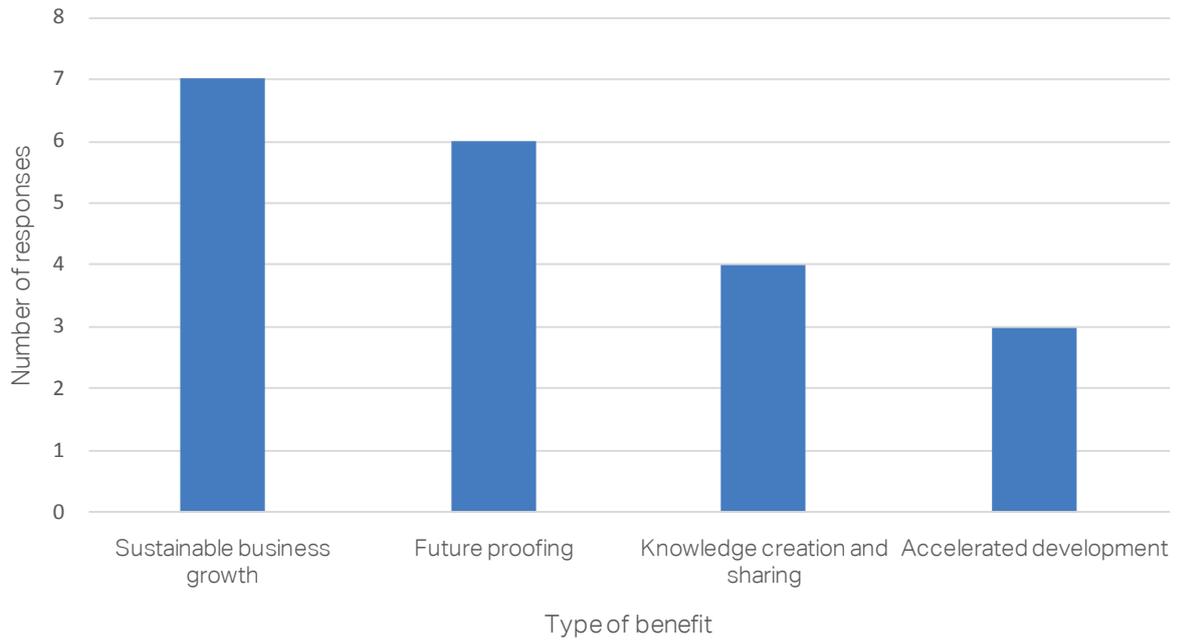
2. Incubation (for the purpose of this report) is the nurturing of new business ideas, separate from core business operations, to accelerate the innovation process. In contrast to traditional in-house models of innovation, this is often facilitated through external partnerships between multiple organizations.

## 2. How incubation can benefit your company

Innovative companies grow twice as fast as non-innovators, both in employment and sales.<sup>3</sup> It is important to understand how incubating innovation leads to the creation of dominant factors that drive this growth in modern business (see fig. 1). Overall, organizations that take a long-term, sustainable and collaborative approach to incubating innovation realize greater benefits than those that don't.

A collaborative approach allows organizations to connect the most promising ideas with the most promising owners, supported by the right assets and skill sets, and to deliver the following benefits to your company: sustainable business growth, future proofing, knowledge creation and sharing, and accelerated development.

Figure 1: Benefits of incubating innovation



3. Nesta. Plan I: The Case for Innovation-Led Growth. London: Nesta.



## 2.1 Sustainable business growth

New technology, services or products from incubators can help organizations remain competitive and even expand into new markets through new capabilities or channels. Incubators provide organizations with the ability to test out their innovative ideas in an insulated, low-risk way, which can lead to commercial benefits in the short and long term and eventually have a positive impact on shareholder value. Incubating innovation also allows companies to keep early stage innovations separate from the core business, protecting them from dependencies on broader profitability and resource restrictions in the short term and leading to more sustained growth for the whole business in the long term should the innovation succeed.

The Ellen MacArthur Foundation provides an example of where a sustainability driven innovation can lead to sustainable business growth in its report *Towards the Circular Economy: Accelerating the scale-up across global supply chains*. This report estimates that the circular economy represents a net materials cost savings opportunity ranging from US\$ 340 billion to US\$ 630 billion, particularly in the automotive, machinery and equipment sectors.<sup>4</sup> Incubating in these areas can open up a number of business opportunities (remanufacturing, reusing data and resources, etc.) for many.

## 2.2 Future proofing

Most organizations understand that they need to adapt in order to anticipate and minimize the shocks and stresses that future events may hold while remaining relevant to their customers and stakeholders, in other words, make themselves future proof. Incubating transformative innovation (creating new offerings to serve new markets) or adjacent innovation (leveraging existing capabilities in a new market space) is a great way to test and adopt new products and business models on a small-scale, low-risk basis. If an idea proves successful, the business can then take the idea to scale, helping to future proof the company's competitiveness in the long term.

Remaining relevant to modern consumers, for example, is increasingly connected to a company's ability to demonstrate its commitment to society as a whole through its core brands. In the past year alone, sales of consumer goods from brands with a demonstrated commitment to sustainability have grown more than 4% globally, while those without grew less than 1%. Consumers are starting to consider sustainable practices as a basic cost of entry rather than a market differentiator. Going forward, brands have to innovate to define a credible, relevant social purpose, deliver greater social value, and communicate that value effectively to attract and retain consumers.<sup>5</sup>

## 2.3 Knowledge creation and sharing

In areas that are particularly ambiguous and complex—such as delivering on the SDGs—it can make sound business sense to share knowledge in order to realize any opportunities presented by them. Incubating innovation leads to a concentrated pool of knowledge which can be used both within the company and shared externally with partners, customers and suppliers.

## 2.4 Accelerated development

Partnering with organizations via an innovation incubator provides a dedicated working environment that is insulated from a large company's broader business and that allows an innovation to build a strong root system quickly and not lose momentum before it reaches its full potential. Entrepreneurs operating within the incubator (both intra- and inter-company) tend to have a more focused and agile approach to an innovative idea—often driving it forward quickly, increasing speed to market and helping the organization to be competitive. Here, they aren't restricted by the same factors that can affect large organizations, such as short-term incentives, a rigid hierarchy and complex processes.

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4. <https://www.ellenmacarthurfoundation.org/assets/downloads/publications/Towards-the-circular-economy-volume-3.pdf>

5. Nielsen (2015). *The Sustainability Imperative: New insights on consumer expectations*.

# Supporting case studies

## Samsung

Samsung Accelerator provides strategic capital, office space, and operational and product support to seasoned entrepreneurs so they can build market-driven software and services. The Accelerator is part of the Samsung Global Innovation Center, which is dedicated to enabling entrepreneurs to thrive in all stages by providing access to Samsung resources, decision-makers, a product roadmap, and the world's largest platforms for distribution.

(Source: <http://samsungaccelerator.com>)

## Coca-Cola

Launched in 2013, the Coca-Cola Founders platform is a model for creating and supporting seed-stage start-ups. They partner with experienced entrepreneurs across the globe, sharing Coca-Cola's relationships, resources and reach before the entrepreneurs develop their next start-up. This creates a win-win: Coca-Cola gets early access to new markets with proven growth opportunities while the Founders benefit from all of the advantages linked to partnering with this global, high-performing company.

(Source: <http://coca-colafounders.com/index.php?page=home>)

## Kauai Planning & Action Alliance (KPAA)

Kauai Planning & Action Alliance (KPAA) is a non-profit organization that serves as a neutral convener and facilitator, bringing together diverse groups to achieve targeted community goals that are drawn from the Kauai General Plan. KPAA identifies those issues that could benefit from collaborative processes and that have the potential to yield new ideas and solutions to challenges the island faces. As a collaboration incubator, KPAA launches two or three new multi-stakeholder initiatives each year and has the organizational flexibility to be involved to different degrees, depending on a project's need: conceiver, convener or interim manager. Key community leaders, business people, agency leaders and citizens with a stake in the outcome are brought together to engage in a collaborative process that can vary in length from months to years and result in a shared vision and viable action plan.

(Source: <http://collaborativeleadersnetwork.org/strategies/collaboration-incubator/>)

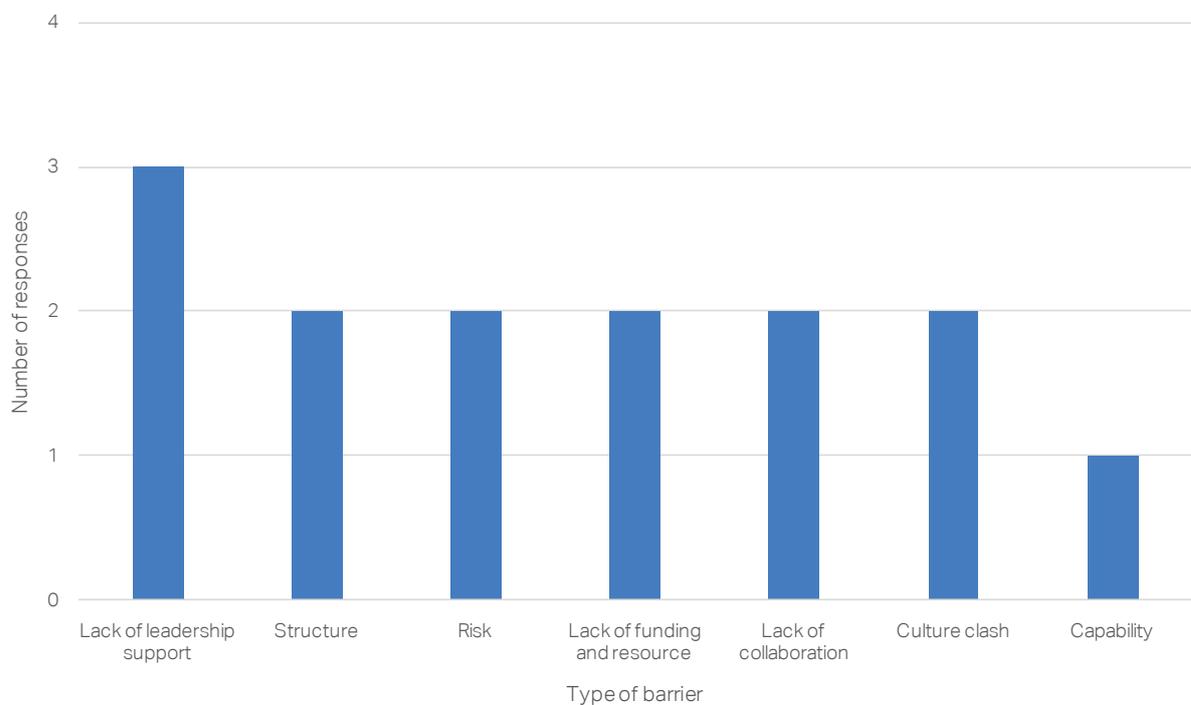


## 3. Organizational barriers to incubation

Incubating innovative business ideas is full of opportunities but also faces many barriers to success. Figure 2 shows those that are among the

most prominent. Suggestions on how to overcome these barriers are made in the chapters that follow.

Figure 2: Major barriers to incubation



### 3.1 Rigid structures

Large organizations often have rigid and complex decision-making procedures. This includes both the process itself, with new ideas having to pass through several approval gateways, and the number of approvals required before an idea can be approved for launch. This often slows the time from idea to market, restricting the company's competitive advantage and possibly missing the opportunity entirely.

Furthermore, the reward structure for large organizations is often directed towards short-term planning and targets and a fast return on investment, whereas incubation often has an uncertain timeframe and a long period before a company sees a return on investment. This results in a culture clash between traditional business planning and the processes and behaviors required to make incubation a success (as detailed in chapter 4).

### 3.2 Risk aversion

Most large companies are more risk-averse than small start-ups. This is not surprising, given the potential to fail and their accountability to shareholders. Large organizations are often better than new entrants at incremental innovation but highly resistant to disruptive technology that could render their existing competencies and standards obsolete. A range of other risks are also associated with incubation:

- It could cost more than was intended;
- It could have unintended consequences, like side effects, alternative uses, unplanned amplification (scale) and obsolescence;
- It could be successful but not attract sufficient take-up to ensure its financial viability.

This risk aversion could inhibit organizations from exploring more radical innovations that often yield the majority of the profit.<sup>6,7</sup>

### 3.3 Lack of funding and resources

A lack of clear data on and insights into incubation ideas can often lead to a lack of funding in large organizations. They find it hard to invest in ideas where the end results are unclear, having been trained to require a strong business case for an investment as their share price is dependent on shareholder confidence. Restrictive budget cycles can also present a barrier as they do not allow for the flexibility required to react quickly to new opportunities. Furthermore, if projects do receive funding, it is often difficult to sustain them past the first year due to short-term planning and change within the business. As such, projects often lose momentum and get dropped before they reach their full potential.

### 3.4 Lack of collaboration

Innovation is traditionally a closed process, tightly controlled by non-disclosure agreements (NDA) and intellectual property (IP) rights. Incubation requires open collaboration, at least initially, to benefit from a diverse skill set in tackling often complex concepts. The restrictions presented by NDAs and IP can both slow speed to market and reduce trust between the company and other organizations, leading to a breakdown of the partnership. Of course, there is a fine balance between healthy pre-competitive collaboration in the early stages and balancing partnerships, market share and intellectual property rights later in the process.

### 3.5 Lack of leadership support

Leaders play a pivotal role in enabling incubation by demonstrating willingness to accept risk and to support and reward innovative ideas and approaches. Innovators need time, space and leadership support. They also need to be allowed to fail and to try again without being judged negatively by management. While many companies claim to embrace failure, their performance management and reward mechanisms often contradict this, leading employees to remain risk-averse. This lack of leadership support for taking risks can significantly restrict investments in incubation opportunities.

### 3.6 Capability clash

The skill sets of corporate employees and the entrepreneurs organizations can partner with to incubate innovations can be juxtaposed. Corporate employees are often trained to work in a world where short-term incentives, the hierarchy, processes, and risk aversion are the norm. Entrepreneurs thrive on their ability to spot long-term opportunities, deal with ambiguity, work without a set process, and embrace risk. Managed poorly, this can lead to conflicting priorities and ways of working; but if managed well, each party can learn from each other's strengths to the benefit of the incubation project.

### 3.7 Culture clash

Finally, and perhaps most importantly, the culture that the aforementioned barriers create can hinder incubation. To succeed, companies need to be comfortable with ambiguity and risk, accept and learn from failure, and reward long-term planning and returns on investment. Unfortunately, traditional corporate culture often clashes with these behaviors, making collaboration with smaller organizations difficult, and in turn limiting growth opportunities.

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6. Day, G.S. (2007). "Is it real? Can we win? Is it worth doing?" *Harvard Business Review*, 85, 110-120.

7. Kim, W.C. and R. Mauborgne (1999). "Strategy, value, innovation and the knowledge economy". *Sloan Management Review* 40, 41-54.



## 4. How to set up a successful innovation incubator for your business

Consistent guiding principles to help make your incubator a success.

### 4.1 Clearly define the opportunity

To make the most of the incubation process, you must first clearly define the opportunity and objectives. A lack of focus on your long-term strategy in the early stages of incubator development can lead to issues at a later stage. If you are not clear on where you are going, you are unlikely to get there in the most effective way, if at all. Common objectives of incubation may include:

- Developing existing products or services to recruit customers and consumers;
- Innovating new products or services;
- Innovating solutions to business challenges more quickly and at lower risk than traditional in-house innovation processes;
- Expanding into new markets through new capabilities or channels;
- Embedding an innovative corporate culture with employees;
- Promoting your company as an innovative company to stakeholders.

### 4.2 Choose the right incubation model for your company

Your incubator model should link to your core business, even when exploring new opportunities, and clearly add business value. Most ventures fail due to a poor strategic or cultural fit. Options include:

- **Organizing one-off events like a “hackathon” to focus on a particular business problem—** Hackathons originated from the tech industry. Typically lasting several days, such an event brings together a large number of people from different areas of expertise to engage in a collaborative problem solving exercise.

- **Partnering with entrepreneurs or other organizations to co-develop a solution—** Although corporates must work individually in some cases, for the biggest and most complex opportunities it makes sense to work together on common issues to optimize ideation, skills and resources, and achieve greater scale and impact. This can be done directly or via a third party incubator organization funded by respective member companies.
- **Assigning a dedicated incubation fund for radical innovation—** This will drive incubation in a more effective manner. While most companies allocate funds for incremental research and development, having a dedicated incubation fund for more radical innovations separate from the main profit and loss account protects the company and the incubation process.
- **Acquiring start-ups that help address your opportunity—** In some cases the fastest route to market may be to acquire an existing company. For example, Cisco was one of the first companies to realize the power of acquiring smaller incubators to strengthen their wireless products. As early as 1999, Cisco acquired Aironet Wireless Communications Inc., a developer of high speed wireless LAN (local area network) products.



### 4.3 Choose the right partner

In an increasingly complex and fast-paced business environment, no company can have all the competencies it needs to take advantage of the ever-changing opportunities. Therefore, collaboration is often crucial for an incubation model to succeed, as is choosing the right partner to collaborate with. To help find the right partner(s), your company should:

- Publicize a contact point for partners to approach your company;
- Regularly scout for the best innovations and partners;
- Play to your company's strengths and choose a partner that plugs the capability gaps;
- Agree common goals and measures of success up front;
- Build and maintain trust in the partnership.

### 4.4 Establish strong governance

Appropriate processes and infrastructure are critical to the successful development and implementation of corporate incubation. While companies must accept a higher level of ambiguity than normal for an incubator to thrive, it remains important for companies to put in place the right structures and expectations to enable an environment for innovation and to ensure the desired outcomes are delivered successfully. Examples include:

- Establish a system to manage different types of innovation programs consistently, including funding source and approach, resource commitment and management, decision-making and approval;
- Set clear ownership, expectations and a dedicated focus for each innovation program or partnership;
- Develop key performance indicators to measure tangible progress and success and establish a reporting and review schedule;
- Communicate clearly to respective decision-makers, sponsors/partners, project owners and members;
- Agree key milestones and establish appropriate incentive structures where appropriate;
- Capture data and review regularly;

- Incorporate feedback to align and alter the model from time to time to ensure it is fit-for-purpose and addresses the right focus;
- If an innovation is not working after receiving the right level of support, close the project, protecting the relationship with your partners and preserving resources for ideas with more potential.

### 4.5 Create a culture that enables innovation

A company cannot successfully incubate unless it fosters a culture of innovation internally too. Ideas to encourage innovative behaviors include:

- Implement incentive schemes that recognize and reward innovation and responsible risk taking;
- Recruit employees with an entrepreneurial skill set to build capability in-house;
- Ensure leadership endorsement of innovative behaviors and create a culture where you either win or learn;
- Run employee crowdsourcing campaigns, encouraging them to come up with innovative ideas on a regular basis;
- Communicate success and share best practices.

# Supporting case studies

## Accenture

Accenture engages with start-ups through its Open Innovation Program with the FinTech Innovation Lab. The Lab is a 12-week program supporting the growth of seven select FinTech companies each year as they test and run pilot programs with Accenture's clients in order to improve their products. By doing this, Accenture stays on top of new trends and technologies—knowledge that is crucial to a technology consultancy—and at the same time helps the start-ups by linking them with the large corporates that they serve.

(Source: Nesta (2015). *Winning Together: A Guide to Successful Corporate-Startup Collaborations.*)

## Unilever

In 2014 Unilever launched the Unilever Foundry, a central platform that helps Unilever brands engage with start-ups to solve their particular business challenges. In return for their innovative business solution, start-ups tap into Unilever's marketing power and development capabilities. While it can otherwise take years for start-ups to close deals with corporates, the Foundry's approach can run pilots in as little as three months.

(Source: Nesta (2015). *Winning Together: A Guide to Successful Corporate-Startup Collaborations.*)

## Enel

Enel realized that it needed to partner with start-ups to cover technology gaps but found that the existing collaboration process was often quite painful and time-consuming for both the organization and the start-ups. So they changed their processes (and culture) to make collaboration with start-ups shorter and simpler by:

- Streamlining the start-up collaboration process;
- Having senior management take an active role in the new process;
- Incentivizing the staff/function involved in the collaboration process to perform in a timely manner;
- Creating a "preferential lane" for innovative agreements involving a dedicated legal team specializing in contracts with start-ups, as well as a fast-track procurement process for start-ups.

(Source: Nesta (2016). *Scaling Together: overcoming barriers in corporate-startup collaborations.*)

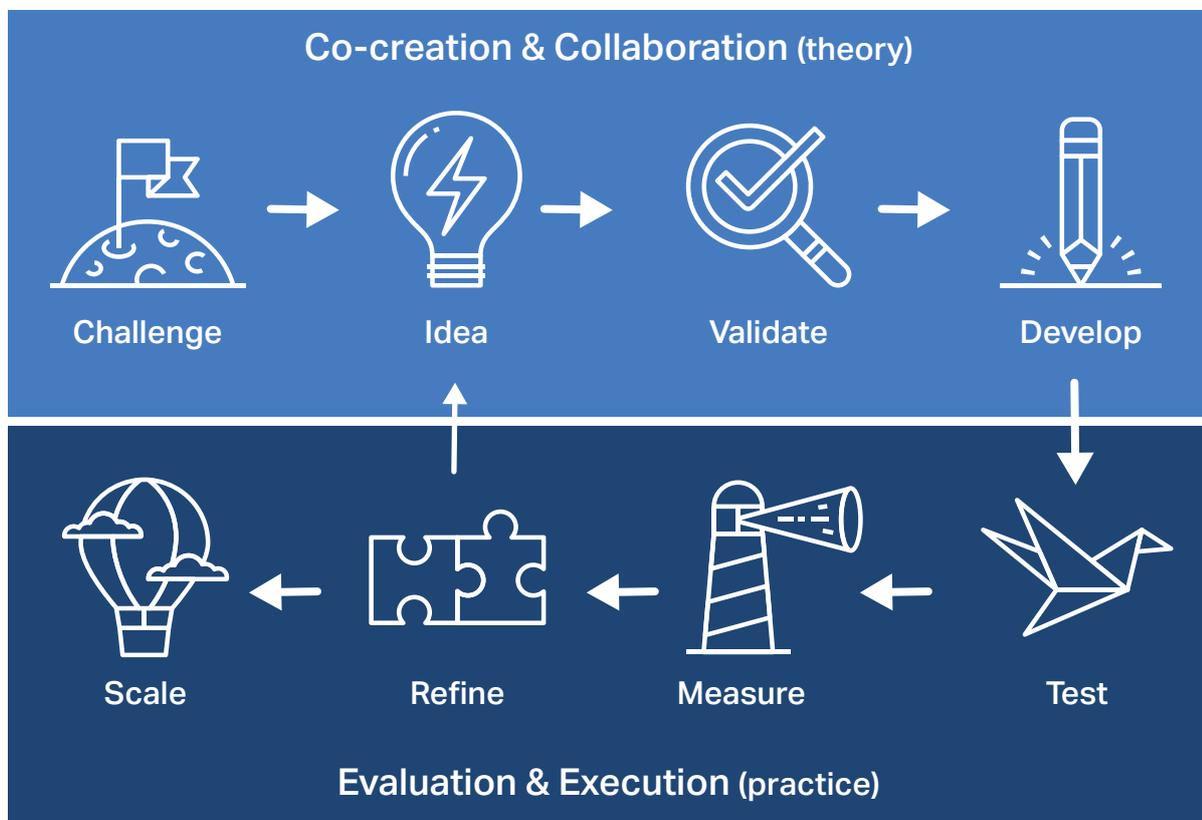
# 5. Incubation in action: Applying the incubation model to the Sustainable Development Goals

Innovation incubators are crucial to driving sustainable business growth in the modern world due to the catalytic effect of being insulated from the broader business while collaborating with external organizations that bring new value. However, for business growth to be truly sustainable it must create value for multiple stakeholders for the long term—be that financial, environmental and/or social value.

There is a lack of incubators trying to bring companies together to collaborate on the ideation of new business ventures for social impact. While several multinational organizations have been successful in creating joint ventures or partnerships with start-ups or non-governmental organizations

in developing countries to address a specific sustainability problem, by using an incubator model multiple organizations could identify joint opportunities to collaborate on societal innovations in a systematic way. This process could catalyze global solutions, enabling them to reach the scale and deployment rates required to meet the challenges called out in the UN Sustainable Development Goals (SDGs), while also creating business value. Figure 3 illustrates the 8-step incubation process in relation to the SDGs.

Figure 3: Incubator process





The process is split into 2 main workstreams:

1. **Co-creation & Collaboration (the theory):** Bringing together multiple organizations to identify and develop unique projects that create financial, social and/or environmental value aligned with the SDGs
2. **Evaluation & Execution (the practice):** Providing a framework to measure and improve the success rate of pilot projects and take them to scale.

Ideally, this process would be facilitated by an independent organization to coordinate and manage the steps illustrated across the different parties.

## 5.1 Co-creation & Collaboration

This phase is about the underlying challenge, the idea to address it, planning and proof of concept by a group of organizations to address an SDG.



### Challenge

The objective at this stage is for your company to understand the challenges posed by the SDGs and agree on which SDG your incubator is most strategically aligned with, can have the most impact on, and can create the most business value from, for example, SDG 7: Affordable and clean energy.



### Idea

Your company should then partner with organizations with common interests in order to identify high-value, high-impact opportunities that could potentially address the challenge posed by the SDG using their individual skill sets.

Continuing the affordable and clean energy example: (see figure 4.)

- The lead company could suggest a micro-grid solution to increase the number of people with access to electricity in Uttar Pradesh, India. It proposes the provision of solar panels for the system.
- A technology company could provide support through a mobile payment system for electricity bills.
- A global brewery could add a micro-distillery to produce bioethanol (instead of diesel) to power the back-up generator.
- A chemicals company could use their new fertilizer to increase agricultural yield to support the micro-distillery.
- A local conglomerate could provide the grid connectors and a micro-credit system to support low-income farmers.
- And an accounting firm could support project assessment, feasibility and due diligence.



### Validate

Based on the ideas submitted, those organizations involved in the incubator will assess their potential to deliver on the SDG and sustainable business growth. Points for consideration may include strategic fit with the incubator's objectives, feasibility, cost, risk and return on investment.

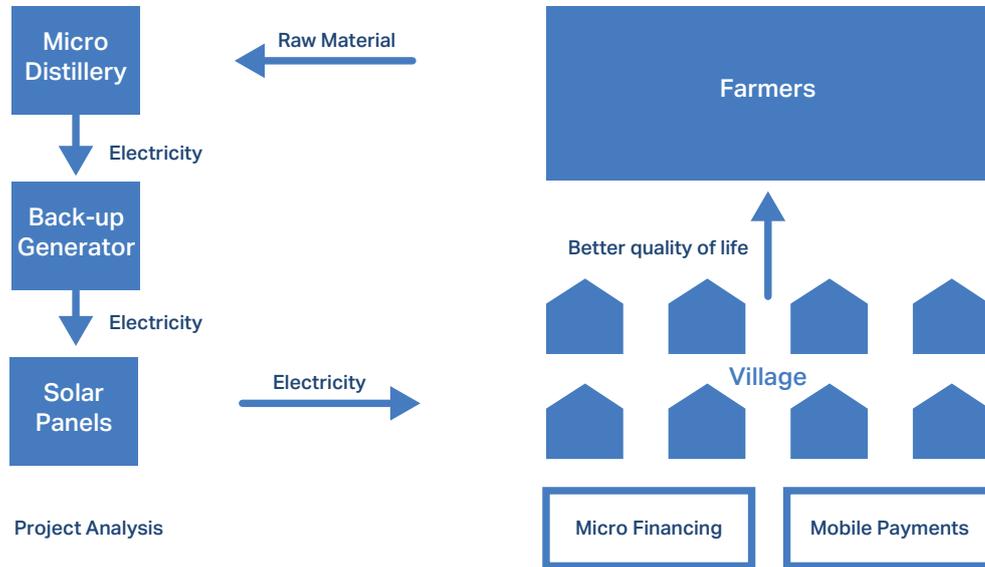


### Develop

Your company and the partner organizations develop the idea with the most potential into a detailed implementation plan, including a clear strategy, objectives, targets, timelines, governance, seed capital and ownership.

The setting of targets and objectives is particularly important because it will define if the project is successful or not in the "measure" step. It will also ensure that all partners' expectations are met. A well-defined governance process will also guarantee strong commitment from the leadership team and create a culture and environment where innovation can thrive.

Figure 4: Example micro-grid scheme supported by multiple corporate partners



## 5.2 Evaluation & Execution

Once the concept and project plan are formed, the idea enters the evaluation and execution workstream.



### Test

At this stage your company and its partners run a small-scale pilot program with the chosen idea to test the theory in practice. The pilot program should be supported by appropriate infrastructure and resources from the organizations involved in the incubator.



### Measure

Based on the targets and objectives established, the pilot program will then be assessed against the agreed key performance indicators. During this exercise, the incubation team will map and identify any barriers to achieving the established goals. Depending on the outcomes of this exercise, the companies can move to the "refine" step or directly to "scale" phase.



### Refine

The objective at this stage is to close any performance gaps to increase the viability of the project. Each incubator organization can bring its own skill set and resources to rectify the issue or new members could be considered if the solution does not exist within the existing collaboration.

If the gaps identified are easily addressed, the project can move to the "scale" phase. If the proposals to narrow the gap are not guaranteed to improve the performance, the team should go back to the "test" and "measure" phases. If the gaps are very significant and the concept pilot program completely fails, you should return to the "idea" phase and create a new concept.



### Scale

This is the final step of the process, where the lead company and partners scale investments in the proven concept to deliver on the SDG and sustainable business growth.

# Supporting case studies

## – Incubators for sustainable development

### **Greentown Labs**

Greentown Labs helps clean tech entrepreneurs solve big energy problems. DSM, Engie and Shell (among others organizations) support this community of entrepreneurs as they work on new ways of producing and consuming energy. This incubator provides access to the space, resources and funding that early-stage companies need, as well as to R&D teams from large companies.

(Source: <http://greentownlabs.com/> accessed on September 2016)

### **LACI**

The city of Los Angeles has launched its clean tech business incubator to accelerate the development of clean tech start-ups by offering flexible office space, CEO coaching and mentoring, and access to a growing network of experts and capital. JP Morgan Chase, EY and Autodesk are among this initiative's partners.

(Source: <http://laincubator.org/partners/> accessed on September 2016)

### **The Water Council**

The Water Council's BREW accelerator and Veolia launched a program in 2015 to improve sustainability and resiliency efforts in the water and clean tech industries. It offers an opportunity for innovators and social entrepreneurs to fast-track their water-related ideas while connecting them to water industry influencers and experts who can directly support their company's services, products or ideas.

(Source: <http://thewatercouncil.com/programs/brew-accelerator/> accessed on September 2016)

# Conclusion

It is no secret that innovation is an essential strategic imperative for companies to survive. But the world is changing and so is the way that the most competitive companies innovate. The external environment is now changing so rapidly that no one organization alone can innovate at the pace and scale required to maximize its growth opportunities. In order to deliver sustainable business growth, companies must venture outside their in-house innovation departments and collaborate across industries, company sizes and sectors to reap the greatest rewards.

To facilitate this new way of working, innovation incubators are increasingly used to catalyze collaborative innovation on the most radical and complex ideas while insulating them from the core business until the ideas are tried and tested.

This could be an effective innovation technique to address the business challenges linked to the UN Sustainable Development Goals. Sustainable development and sustainable business growth are so interdependent that it will require a collaborative approach to deliver both successfully. Therefore the need to increase the use of incubators to address opportunities that create value for both business and society as a whole, using the model in this report as an example, is growing day by day.

Ultimately however, this approach will only have an impact if companies embrace it. The biggest barrier to collaborative innovation via incubators of this kind is often ourselves. To meet new challenges requires new thinking and companies must reconsider whether current corporate structures, processes and cultures are fit for purpose as the world enters a new age of business.



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## About the World Business Council for Sustainable Development (WBCSD)

WBCSD is a global, CEO-led organization of over 200 leading businesses and partners working together to accelerate the transition to a sustainable world. We help make our member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies.

Our member companies come from all business sectors and all major economies, representing a combined revenue of more than \$8.5 trillion and 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. WBCSD is uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues.

Together, we are the leading voice of business for sustainability: united by our vision of a world where more than 9 billion people are all living well and within the boundaries of our planet, by 2050.

**[www.wbcsd.org](http://www.wbcsd.org)**

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