

Innovation Labs

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BHiveLab

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1. Introduction
2. Getting Started
3. Vision and Goal Setting
4. Lab Focus
5. Establishing Your Team
6. Funding And Business Models
7. Evolving the Lab
8. Success Metrics

1. INTRODUCTION

Ask an agency executive, a CMO or Google about the topic of “ad agency innovation labs” and you’ll likely get very polarizing points of view regarding the pros and cons of launching such an endeavor. You’ll also hear varying comments defining what an innovation lab is, or should be, including:

- We need to develop our own IP and products.
- Our lab provides thought leadership for our clients.
- If we want to retain the best and brightest we need to let them work on cutting-edge technology.
- Innovation labs are money pits and a way for clients to fund agency playgrounds.
- Agencies should inherently focus on innovation. Why are labs needed for that?

Full disclosure: I lead an agency innovation lab that’s been in existence for four years. I’ve heard most of the arguments for and against labs, and I’ve had the opportunity to speak with several dozen clients, hundreds of creative technologists and many C-suite executives from all types of agencies.

This paper is not meant to argue for, or against, innovation labs. It is instead meant to provide a fact-based, insider view for those who are considering the best path forward for their own innovation efforts.

One thing is certain: The rate of technology and industry change is immense. The pressure for agencies and clients alike to keep pace is massive; innovation labs are one way that many companies are effectively managing that change and delivering value to clients as well as their employees.

For those heading down the path of starting a lab, or debating the direction for their existing lab, we hope you’ll find useful insights here. And even if a lab isn’t in your future, hopefully some of the lessons shared can still be applied.

Finally, I’m also hoping to spark an ongoing dialogue as this sector of our industry continues to mature. In the spirit of innovation, we can all continually learn from each other.

Current Landscape

The idea of an R&D focus inside of agencies is not new. For instance, R/GA was an early “product” developer that thought differently about agencies retaining their own IP. In fact, formalized innovation labs are not completely new either, with the first labs appearing over 10 years ago. BBH Labs is a great example of an early pioneer. Some digital agencies, like Deeplocal (of Nike Chatbot fame), were founded on the core notion of technology innovation, and subsequently didn’t feel the need to carve out a separate lab initiative.

Today, there are dozens of successful innovation labs and just as many different lab models, missions and permutations, including:

Thought Leadership: Labs that focus on industry thought leadership around emerging media or technology are probably the most common—particularly since startup costs are low.

Technology Showcase: Organized as a showcase, these labs typically have elaborate demo rooms set up as tour stops for client or prospect visits. The emphasis is on a show-and-tell model of the latest/greatest technologies curated from events like the Consumer Electronics Show (CES) or South by Southwest.

Prototyping: These labs take the showcase concept to another level by experimenting with emerging technologies and platforms. Sometimes these prototypes act as a more functional showcase.

Accelerator/Incubator: These labs typically focused on “investing” in services for startup organizations in return for equity, future fees or a shared revenue model. These services can be technology based, industry connections to CMOs or VC firms, brand building or consulting.

Venture Capital: Some agencies, particularly the larger holding company firms, have VC funds that make direct investments in new technologies or startup firms.

Product Development: These entities focus on developing their own IP and revenue-producing products.

Smoke and Mirrors: These are the labs that give all others a bad name, and are merely thinly veiled marketing ploys that talk about innovation or lab efforts that really don’t exist.



2. GETTING STARTED (AND STAYING ALIVE!)

Over the past four years, BHiveLab has grown into what amounts to a business inside of a business, with 22 full-time team members, a profitable financial model and a clear growth strategy. I'd be lying if I said we had all of this figured out from day one. Our business model has probably changed a half-dozen times over that time period! And that's the point of this section—with such an open-ended world of possibilities, what's the best way to get an innovation lab off the ground?

There are probably just as many methods to start a lab as there are labs, but I'll be transparent about how we got started—and hopefully it will help provide a framework.

Determine Your Reason for Being

Any successful business needs crystal-clear vision and mission. We thought of BHiveLab as a startup business from day one, and we forced ourselves to clearly define the problem we were trying to solve as step one. Then we worked through all of the typical planning elements, including potential solutions, cost structure, key audiences and the like. We used a one-page modeling tool called [Lean Canvas*](https://leanstack.com/lean-canvas/), which helped us stay on point.

Using Lean Canvas, we decided we wanted to solve:

Problem 1: As an agency, we no longer felt like we were living on the leading edge of technology—something that had been a hallmark of our positioning for many years. Consequently, we weren't in the best position to consult with our clients on the latest emerging trends. Sure, we could keep up on the trends by reading and attending conferences, but the hands-on practical experience was missing.

Problem 2: We wanted to retain our best and brightest creative technologists, who were rapidly being presented with myriad startup opportunities and expanding Pittsburgh-based Google, Facebook and Uber offices.

Ultimately, we tried to solve the first problem, with the belief that if we did, the second problem would take care of itself.

Gain Unwavering Executive Buy-In

I could easily argue that this is the most important step. And, I'm also not using the word "unwavering" lightly. Starting something like an innovation lab takes a big organizational commitment. Initially, it's a pure investment without any real revenue-producing aspects; and, at least in our case, it was fraught with initial failure. I believe that not having unwavering executive buy-in is the number-one reason so many agency innovation labs have shut down before they ever had a chance to take hold.

Clearly Outline the Role of the Lab

Obviously, clear communication is key in any organization. Part of the communication, when starting an innovation lab effort, needs to be clarity around how the lab might impact various aspects of the organization. In our case, we tapped a couple of our top creative technologists as the first lab team members. Some of the preliminary questions we were asked included:

- Why were these employees selected over others?
- Will other employees also have a chance to participate in R&D activities?
- Why are we investing in the lab when there are other areas of the company we should be investing in as well?
- How is the lab paying for itself?
- We're in the client-service business; what will our clients get out of this effort?
- How is this different than our digital practice? Shouldn't the lab be part of that?

* <https://leanstack.com/lean-canvas/>

Every organization is different, so the way you answer these questions will likely be different than how we chose to answer them. My three key points of advice are:

- 1. Prepare answers** to these questions, potentially for each stakeholder, ahead of time. And, ensure that management is all on the same page.
- 2. Over-communicate** at every step of the way.
- 3. Be as inclusive as possible**, without being disruptive to the business. Most parties who show initial interest might not follow through. We found some future innovators, who were probably not on our radar screen, by being inclusive early on.

3. VISION AND GOAL SETTING: A FIVE-YEAR BUSINESS PLAN?

Once you've gained executive buy-in on the idea of investing in an innovation lab, it's time to develop a more detailed business plan. In our section entitled "Determine Your Reason for Being," I mentioned using a tool such as [Lean Canvas](#) in order to determine the reason you need a lab in the first place, and to provide focus. It's now time to develop what amounts to a business plan. The plan needed to ask how we would staff the lab. We needed to quantify the investment amount and funding mechanisms.

A five-year business plan seems very old-school these days. And in many ways I agree. Keeping the business plan lean, focused and agile has definitely led to the success of BHiveLab over the years. We'll cover more on that later.

But, for our efforts we started our detailed planning by painting a vision of what we wanted the lab to look like in five years. We tried to envision the skill sets that we'd want to have that we didn't have today.

For instance, if we wanted to work more with hardware, we envisioned an industrial designer joining the team. When we looked out to the future we knew that data visualization would be a big deal, so bringing in people with those skills was on our hit list. Painting a vision of the types of products we wanted to create and services to offer was invigorating. At this point, the sky truly was the limit.

Ultimately, our five-year vision mapped out the types of products we would work on, the types of startups we would eventually work with, and the skill sets we would eventually need. We even created a futuristic drawing of how our (eventual) large teams would sit, work and collaborate. Even though we didn't have an employee yet, we envisioned the following four focused pillars:

1. Prototyping Emerging Tech: Essentially getting our hands dirty so that when a particular type of technology hit mainstream, we were already extremely knowledgeable

2. Project Engagements: Select, high margin, highly interesting project work that would fund the growth of the lab

3. R&D: Development of our own "startup" businesses centered around platform and IP development that would drive licensing opportunities

4. Startup Accelerator: Developing a portfolio of startup businesses that we would invest in for a particular return (deferred revenue or equity)

OK, so a five-year vision and goal plan is in place; now what? How do you start building toward this lofty vision?



Start Small

Speaking from experience, it's easy to bite off too much too soon. We have a philosophy when we're developing UX for a large-scale mobile app. Take all of the desired functionality and then divide it in half. Then divide that in half yet again.

We took this agile approach to starting our lab as well. The possibilities are endless and daunting. Finding a way to develop a quick win was our goal number one. We decided to take two of our top creative technologists and let them work on a project that they conceived, which focused on learning everything and anything about social media/mobile convergence (remember, this was five years ago!). The result was the development of Tailgate Champ, a mobile, social game that NFL tailgaters played before a game. Ultimately, the app itself didn't gain the user base that we'd hoped. However, the insights were invaluable:

■ **We furthered our technical knowledge** exponentially more than if we were bound by budgets, client briefs and timelines. This ultimately propelled our agency mobile capability and practice.

■ **We had a big functionality miss**—users wanted to create virtual tailgates. Spending much more time with a user base is now a core element of our consulting work with other startups.

■ **Delivering a project to scope is a lot different** than building a potential business. We were much smarter as we built out our next product efforts.

So, despite the apparent initial failure, there were a couple of critical small wins for the team. Most notably, our app and lab were picked up by the *New York Times* as part of a feature roundup story on the impact mobile was going to have on the NFL. It was great exposure for us, and a small win that gave everyone the confidence that we were on the right path. These small wins were enough to create the momentum we needed to continue on.

4. LAB FOCUS

One of our biggest challenges at the outset was one of focus. It might seem appealing to provide a completely open book to a creative technology team, allowing them to go crazy and explore any type of emerging tech that they want. But that method was paralyzing for our upstart team. Without a clearly defined directional objective, we found that not much was accomplished early on (which was no fault of the team). We figured out fairly quickly that working on cool stuff for the sake of working on cool stuff was not going to help us build the lab. It might make for some interesting show-and-tell moments in the short term, but not much beyond that.

First Focus Point: A Team Mission

The team mission had to be broad enough to allow for many types of initiatives, but narrow enough to help us make more effective go/no-go decisions. Our eventual mission was fairly simple: BHiveLab will invent new ways to creatively engage the on-the-go consumer through next-generation technology. Breaking that down:

- **On-the-go** implied all things mobile. Providing more focus, but still with a vast world of opportunities, including IoT, VR, etc.
- **Creatively engaging** stays within our roots as a creatively driven company that develops engaging experiences.
- **Inventing new ways** allows for technology inventions, but could also mean new processes, ways of working, partnerships, etc.

Each year we revisit this approach, and each year we've been unable to think of anything new that encompasses what we initially set out to do.

Second Focus Point: A Mindset Shift

For more than two decades I, and the lab's co-founder, operated like this: "Bring me a problem and we'll find a technology solution for you. And then we'll scope the work and develop a pricing estimate to execute on that defined project. And you, Mr. Client, can keep all of the intellectual property (IP)."

Many great businesses were built using this model, but it wasn't very effective for invention or rapid prototyping. In addition, we were giving up 100 percent of the IP nearly 100 percent of the time.

Shifting our mindset involved two things:

1. We worked to retain at least some of the IP at the outset of a client project. We aren't always successful, but more often than not we are. Usually, as long as we agree to not sell IP to a direct competitor, we alleviate most objections.

2. We wouldn't wait for a project in order to rapidly develop technology prototypes. That way, when a problem is presented, chances are we are able to present a working example very quickly—and we also have a good sense of the effort required for production.

For example: During the infant stages of Apple TV, our team came up with a way to use it to stream unique content to over 100 mobile devices at the same time. This technology hack was then implemented into a very large project in which we developed a breakthrough classroom presentation platform for a for-profit university. And we've been able to redeploy that same tech in other industries.

Third Focus Point: Change the Process

We tried try to apply "agile development" principles to everything that we do. While we don't always succeed, we do work to remind ourselves each time we start to slip into more traditional and linear modes of working.

Workspace: We were born from an ad agency. Inherently, we have an open, collaborative culture. But, we felt it important to instill an even more collaborative way of working. We installed a big, high table with Kinect projectors in the ceiling suitable for scrum meetings. We installed workbench-style seating; mobile glass boards to write on; large, touch-screen monitors; whiteboard painted walls and height-adjustable tables. Today, all team members—including the most senior leaders—sit in the same collaborative space and in the same desks as the rest of the team.

Rapid Prototyping: In true prototyping fashion, we looked for what we could borrow and use to help us focus our own prototyping efforts. One of our early team members took the well-known [Gartner Hype Cycle model*](http://www.gartner.com/technology/research/methodologies/hype-cycles.jsp) and started to map some of the emerging technologies suitable for us to focus on. Every few months, we combine elements from various Hype Cycles to include those technologies that closely aligned with our vision: "Inventing new ways to reach the on-the-go customer". Four years ago, that might have been Responsive Design and Augmented Reality. The idea was simple: We would prototype those technologies that were on the part of the curve that indicated "Peak Expectations," and we would train the rest of the agency and clients when those technologies started to approach the "Slope of Enlightenment."

* <http://www.gartner.com/technology/research/methodologies/hype-cycles.jsp>

Client Relevance: About a year after our initial startup phase, one of our big takeaways was that we needed to find better ways to connect our efforts with our clients and prospects. The notion of gamification was hot. Why not gamify our cross-functional idea generation process?

Without completely divulging the details of our process, some of the pillars of our SWARM process included:

- It's fun!
- Clients and third parties are a must.
- It's rapid ... yet preparation takes time (we hone the effort down to a single business challenge).



5. ESTABLISHING YOUR TEAM

The idea for BHiveLab came from many conversations among our digital and technology leaders. The fact that our CDO and our CIO were primary drivers meant that we inherently had built-in, executive-level support. But while that certainly made it easier to get the notion of an innovation lab the top-level support that it needed, I would contend that without the complete buy-in and support of our CEO and the other agency partners, the effort would have likely stalled.

Leadership: As leader of our lab effort, it was decided that for the initial ramp period I would spend 50 percent of my time on lab startup activities, and 50 percent on my other responsibilities. This created opportunities for others within our organization to grow. Truthfully, our lab would never have gotten off the ground were it not for the tremendous support system that our leaders provided. Thinking through these backup and support roles up-front was important. For instance, if I couldn't participate in a large agency pitch, who would likely fill that role?

Empowerment: Of course, an empowered leader is important. But an empowered team was more critical if we were to remain nimble, flexible and fast. Consequently, guide rails were established that allowed team members to determine their own innovation priorities, or to purchase technology

without a cumbersome, multiple-person approval process.

Allowing a creative technologist to pursue a personal passion in the Internet of Things (IoT) arena needed to be OK, even if organizationally we may have prioritized differently (based on skill set or client demand). Likewise, allowing a UX specialist to purchase an iBeacon kit on the spot while she had a gap in her deliverable schedule was critical versus waiting for a week-long (or more) purchase cycle.

Staffing: Lack of resource dedication can lead to innovation lab failure. Initially, I had hoped for two full-time employees to staff our lab. Our leadership was already splitting time, and so I felt that two full-time staffers was a reasonable ask. We placed a value of \$200,000 for these resources—with a lost opportunity cost of over \$500,000, which is the revenue these employees would generate if they were focused fully on client work.

We consequently landed on a 50 percent billable-to-un-billable split. We just agreed that we would work hard to hold ourselves accountable to this approach. To round out the team, we recruited our two top digital strategists and got the internal buy-in to allocate 10 percent of their collective time. This proved invaluable as we sought broad agency buy-in, connections to key clients and another level of thought-leadership perspective that we were missing.

Skills and Characteristics: Others might disagree, but we found that we had more success when certain intangible characteristics were met versus focusing solely on technical skills of an individual. Some are inherently obvious; for example: it stands to reason that entrepreneurial and collaboration skills would be important. But some characteristics weren't so obvious. Perfectionism, while critical when delivering client work, actually slowed rapid prototyping processes down.

Specific technical skills like .NET are important for certain projects, but a willingness to explore new, unproven frameworks was actually more important to the lab. Lastly, a true love and passion for emerging trends might be the most critical trait. There isn't much downtime with fast-moving technology. Spending one's free time during nights and weekends learning new things simply for the love of it can't be taught.

Partner Strategy: Partnerships that drive business are nothing new. But when you are trying to extend an already strapped team, partnerships are essential. For us, our partner strategy was driven from the following needs:

- Get our brand name out into the market, which was critical to future recruiting.
- Center around companies who have a similar "innovation" pillar that would expose us to new technology.
- Local startup ecosystem including incubators, VCs, companies and co-working spaces.
- Academia—for us, that meant robotics, incubators and research avenues.

Obviously, the overarching lab focus and strategy will dictate how important partnerships will be to the startup efforts. For our leadership, cultivating these relationships was where most of the first six months was spent, and the payoff was tremendous. We ended up in a code-share relationship, which accelerated our work using Microsoft Kinect. An innovation-focused arm of Intel actually invested engineering resources in one of our homegrown social media platforms because they were looking for big data projects to learn from.

6. FUNDING AND BUSINESS MODELS

Four years ago I sat on a conference panel with four other agency innovation lab leaders, and each one of us had a different philosophy when it came to the revenue-generating aspects of our labs. In fact, it was probably the most polarizing topic that we discussed. Certainly, there was the POV that using the lab to generate revenue distracted from the focus of the entity if they were truly living and breathing R&D. Others saw labs as an alternative revenue stream to the traditional fee-for-service agency model.

I believe there are a handful of viable ways to structure a new lab endeavor; and while I'm sure this isn't an exhaustive list, let's break them down into two overarching categories:

Non-Revenue Producing

Those who subscribe to this approach believe in a pure R&D focus, without the distractions and the pressures of driving revenue. Of course, a new product or service that spins out of the lab could eventually generate revenue, but that isn't the goal of the lab.

■ **Percent of Agency Revenue Invested in R&D:** One way to approach this would be to take a page out of Google or Apple and manage overall budget by a percent of company revenue. As revenue goes up or down, so does the effort against R&D.

■ **Cost of Doing Business:** Another approach might be to land on a fixed cost and treat it as a cost of doing business. For instance, you might have a person dedicated to thought leadership that generates PR and apply that to your new business development budget.

Revenue Generating

Those using this approach, build their lab on the premise that it will be partly funded, by revenue-generating projects, products or investments. But even if that's the initial approach, there are variances in approaches that can be considered.

■ **Break-Even Model:** This was the approach that we originally started BHiveLab with—the simple idea to cover the costs and scale it accordingly.

■ **Profit Center:** The cutting-edge work coming out of a lab setting could be very profitable for the agency overall, which is another bonus. The downside is that it's easy to fall into

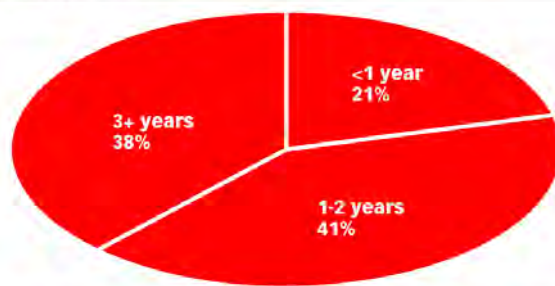
the trap of letting the lab become another service area with revenue pressures that keep R&D from being at the forefront.

■ **VC or Incubator:** This approach focuses on an investment of cash or services to startups in exchange for equity, trade or deferred revenue.

Over time, our lab became a mix. Profit-generating work (i.e., VR or enterprise mobile projects) powers our ability to invest in a startup portfolio. Licensed products generate revenue that can be re-invested into product enhancements or new products. But, to be fully transparent, while we have scaled BHiveLab to an eclectic mix of 22 team members, we now need to focus on driving additional revenue.

So, at times, true R&D activities have taken a back seat. As we embark on our fifth year of existence, we're now in the process of calibrating our model yet again to find the optimal mix. We're working on ways to swing the pendulum back toward a greater innovation and R&D focus in 2017.

Length of Time that Agency Professionals Worldwide Have Had an Innovation Lab/Product Incubator at Their Company, March 2016
% of respondents



Source: SoDA, "Digital Marketing Outlook: 2016-17 Forecast" conducted in partnership with Forrester Consulting, June 2, 2016

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www.eMarketer.com

7. EVOLVING THE LAB

Over the past four years, our lab has evolved along a continuum like the one outlined in section one. We've gone from a very small prototyping lab, to a multi-million-dollar, revenue-generating entity—and one that is starting to look more like a custom-technology solutions provider.

We've occasionally lost our focus on innovation because we were busy managing growth and the challenges that go along with expansion. I've even been asked the question, "Are we even an innovation lab anymore?"

The answer is yes but, we need to evolve yet again, perhaps even split into two focus areas (for example, a revenue-producing entity that "funds" the research arm). Time will tell, but some of the lessons we've learned may be useful to you as your lab grows and evolves:

Fail Fast: This oft-used phrase has now become an age-old adage (in Internet time!). Starting an innovation lab is essentially like launching a startup within an existing company. Quick decisions need to be made, leadership needs to be prepared to pivot and failing fast needs to be the operating norm.

“Not Perfect” Prototyping: It’s easy to get sucked into making your prototypes perfect in every way. After all, building to perfection is needed when servicing a paying client. But when the goal is to learn a new technology, developing proof of concepts or creating demos, perfection doesn’t need to be the goal. It’s OK if a prototype crashes. It’s OK if the UX stinks. Taking this less-than-perfect approach can lead to massive time savings, more output, less stress and rapid learnings.

Know When to Fold ‘em: Giving up on a great idea is hard. Early in our existence, we developed a social media aggregation platform. We even entered into some of the startup contests and fared well. But, by the time we were ready for launch, a couple of well-funded startups caught up to us and entered the market first. Painfully, we decided to back out before we invested in a no-win game. Still, the effort taught us a lot.

Now we know how to better advise tech startups we work with. Our social API knowledge was passed on to our larger development team and has been invaluable. We learned a ton related to mobile/social UX, which has paid off repeatedly in client work. And, most importantly, we realized that we can’t put that much effort into a similar startup again without a proper funding model.

“No Compromise” Staffing: Over time, we’ve found that it takes a certain mix of soft skills to make a big impact on our team. We need people who say, “I love this stuff. I’ll work on it tonight!” rather than those who say, “I’ll figure that out when I have the time.” We’re working to improve our success rate on new hires. And, to be honest, while we are getting better, it’s a work in progress.

But, like many teams, the wrong team member can do more harm than good. In a lab setting, there is never enough staffing because there is always something to do. We’ve gotten to the point where our team won’t make a hire, even if our jobs would be made easier in the short term, unless we are absolutely sure of the right cultural fit. And when we make mistakes, as painful as it can be, we’ve been able to make very quick decisions.

Teach Others to Fish: Well, we don’t actually teach in the traditional sense—we’ve found that doesn’t always work as well as we’d like. Innovation requires open collaboration and a voracious approach to partnering. A hands-on approach—getting your hands dirty—seems to work best for us. We learned early on that for the team to be able to focus on the next new thing, the knowledge we gain needs to be transferred to others.

Our early Google Cardboard work, for instance, was focused on what is now fairly basic interactive 360 video. We’re building a wizard-like app that allows virtually anyone to create

simple room or building tours without the need to learn specific programming environments like Unity.

Likewise, while not always feasible, we now include non-lab team members for most efforts with the goal of spreading knowledge, helping with broader sell-in of ideas, and usually helping to plus up the effort by providing a different perspective.

Take the Lab out of the Lab: The lab is a safe environment, which is great. But it’s also easy to fall prey to gazing at our navels. Getting real feedback from real users is critical; otherwise we’re just creating things in a bubble. We might think it’s cool, but what’s the true user experience or engagement level? As much as we don’t relish the obligatory “client tours” or “show and tell” sessions, they do force us to be on our game and to make the emerging tech relevant to the category or audience.

We’ve also visited key clients as part of “Innovation Days”—meetings we facilitated to change client thinking. Hackathons are another great way to hone team skills. The beauty of those contests is that we can determine how our thinking and execution stack up to other innovators’. An added bonus is it gets our team out of the office and exposed to other ways of thinking.

Practice Self-Sufficiency: Lastly, we’ve learned to give our team autonomy in how we work (processes), what we work on (product) and when we work on them (flexible deadlines) wherever possible. This might seem intuitive to some, but some of us grew up in a much more traditional hierarchical way of managing. As much as our leadership might want to work with a particular startup, if the team just isn’t feeling it, we’ll take a pass. Moving forward, we’re looking to allow the team to be empowered in more areas (i.e., defining R&D focus, allocating training budgets and evolving our work space).

8. SUCCESS METRICS

BHiveLab’s success is one in which our organization is looking to invest in, to further our scale. I’d be lying if we set these metrics in stone, up front. We had a notion of what we wanted our lab to help with (as noted earlier, by the problems we were looking to solve), but we were far from laying out hard-and-fast success metrics.

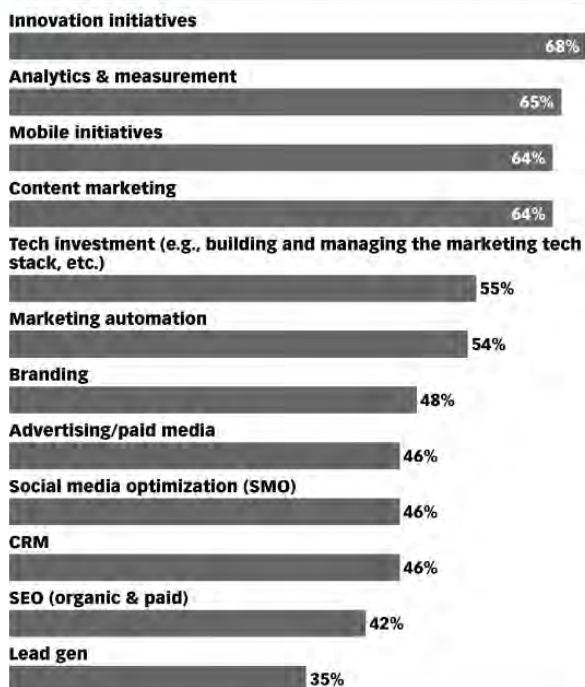
Looking back at a few years’ data, here are some of the success metrics that I can point to:

Employee Retention: Four years later, we have retained all of our initial core team members; and almost all of those who were newly recruited into BHiveLab are with us today.

Client Engagement: We’ve been able to build relationships with many of our clients outside of the CMO. In fact, our core client contacts for BHiveLab are the CIO, CTO and Innovation leaders.

Potential Issues Affecting Staffing and Organizational Decisions According to US Digital Marketers, March 2016

% of respondents



Note: over the next 24 months; includes "agree" and "strongly agree" responses

Source: GumGum and Brand Innovators, "Building the Marketing Organization of the Future," June 1, 2016

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www.eMarketer.com

Increased Revenue: As discussed, we didn't set out to be a revenue driver for the organization. Now that we are, we need to think about how we evolve the lab yet again.

Increased Awareness: Heard in the hallways now are terms like API, AI, VR, AR, Data Visualization, Proximity Marketing, Blockchain and many others. The expectation isn't that everyone becomes an expert, but rather that everyone becomes aware of emerging technology as it relates to our client's business. We're getting better at that.

Operationalize Our Learnings: One of the visions that we had four years ago was the development of a process that funneled initiatives through the lab, and then eventually into the mainstream organization.

Why is this so important? Mainly so that the lab can move on to the next thing. But we underestimated the level of effort that we needed to put toward training, documentation and productizing. We're not great at this yet, and it's something we need to get better at.

Recruiting: Finding the right mix of technical and strategic skills, as well as the aforementioned soft skills, is tough. We're partnering with our HR department in a much deeper way to find tools that will help us identify potential top talent as the traditional methods just aren't working like we need them to.

Training: For a few years we were able to get by on "self-directed" learning. There was so much low hanging fruit that we were able make tremendous strides just by giving the team some time and a point in the right direction. But now, in order to advance the ball in the rapidly evolving areas of VR or Block Chain for instance, we'll need to invest in different training methods in order to stay ahead of the curve.

Conclusion

In summary, the past four years have been an interesting ride and I'm looking forward to see the evolution of our lab. Two things are for certain no matter how you define innovation efforts within your agency. The work in innovation never ends. And the learning never stops. Finding the right model to advance your agency is paramount to future success. I'm convinced of that.

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