Category

Enterprise Transformation

Innovation Lab & Digital Venture Building Playbook

A method for standing up a corporate innovation lab that ships validated ventures instead of unfunded prototypes.

- Executive
- Advanced
- Workshop Ready

- Mithun A. Sridharan

- 13 March 2023
- 8 minute(s)

Overview

A staged approach combining Three Horizons portfolio thinking with Lean Startup validation to help corporate innovation labs move from idea to funded venture with real evidence.

How is a Horizon 3 venture different from a Horizon 1 improvement project?

A Horizon 1 project improves or defends the existing business model and is measured against near-term P&L impact. A Horizon 3 venture explores a genuinely new business model that may not resemble — or may even compete with — the core business, and is measured on validated learning and long-term option value rather than this year's revenue.

What percentage of our innovation budget should go to each horizon?

A common starting allocation is roughly 70% Horizon 1, 20% Horizon 2, and 10% Horizon 3, adjusted based on industry disruption pace and risk appetite. The specific split matters less than making the allocation explicit and reviewing it annually rather than letting Horizon 1 silently absorb the whole budget.

What happens to the team when a venture is killed?

The team is redeployed to the next highest-priority venture in the pipeline or back into the business, and the kill decision is documented with the evidence that drove it and shared across the lab. Treating kill decisions as normal, well-documented outcomes — not failures — is what keeps future teams honest about evidence instead of spinning results to survive a gate.

How long should a venture spend in the Discover stage before we expect results?

Two to four weeks is typical for a focused Discover sprint validating whether the customer problem is real and painful enough to pursue. If a venture is still in Discover after eight weeks with no clear evidence either way, that itself is a signal to make an explicit pivot-or-kill decision rather than letting it drift.

Who should chair the monthly stage-gate review?

An executive sponsor with real authority to allocate capital outside the annual budget process — often the CEO, CFO, or a Chief Innovation Officer with a ring-fenced budget. Reviews chaired by someone without funding authority tend to become status updates rather than genuine advance/pivot/kill decisions.

{ "@context": "https://schema.org", "@type": "FAQPage", "mainEntity": [{ "@type": "Question", "name": "How is a Horizon 3 venture different from a Horizon 1 improvement project?", "acceptedAnswer": { "@type": "Answer", "text": "A Horizon 1 project improves or defends the existing business model and is measured against near-term P&L impact. A Horizon 3 venture explores a genuinely new business model that may not resemble — or may even compete with — the core business, and is measured on validated learning and long-term option value rather than this year's revenue." } }, { "@type": "Question", "name": "What percentage of our innovation budget should go to each horizon?", "acceptedAnswer": { "@type": "Answer", "text": "A common starting allocation is roughly 70% Horizon 1, 20% Horizon 2, and 10% Horizon 3, adjusted based on industry disruption pace and risk appetite. The specific split matters less than making the allocation explicit and reviewing it annually rather than letting Horizon 1 silently absorb the whole budget." } }, { "@type": "Question", "name": "What happens to the team when a venture is killed?", "acceptedAnswer": { "@type": "Answer", "text": "The team is redeployed to the next highest-priority venture in the pipeline or back into the business, and the kill decision is documented with the evidence that drove it and shared across the lab. Treating kill

decisions as normal, well-documented outcomes — not failures — is what keeps future teams honest about evidence instead of spinning results to survive a gate." } }, { "@type": "Question", "name": "How long should a venture spend in the Discover stage before we expect results?", "acceptedAnswer": { "@type": "Answer", "text": "Two to four weeks is typical for a focused Discover sprint validating whether the customer problem is real and painful enough to pursue. If a venture is still in Discover after eight weeks with no clear evidence either way, that itself is a signal to make an explicit pivot-or-kill decision rather than letting it drift." } }, { "@type": "Question", "name": "Who should chair the monthly stage-gate review?", "acceptedAnswer": { "@type": "Answer", "text": "An executive sponsor with real authority to allocate capital outside the annual budget process — often the CEO, CFO, or a Chief Innovation Officer with a ring-fenced budget. Reviews chaired by someone without funding authority tend to become status updates rather than genuine advance/pivot/kill decisions." } }] }

Subscriber access

Unlock this playbook

This playbook — including every framework, template, and step-by-step section — is available free to Think Insights subscribers. Enter your email to unlock it instantly and get our weekly insights newsletter. No account needed, and access is remembered on this device.

First Name

Last Name

Email

Country - Select -

■ I agree to data processing in accordance with GDPR

Submit

Leave this field blank

References

Related playbooks

Enterprise Transformation

Telco Network & 5G/Edge Services Digital Transformation Playbook

A framework for telecommunications network and 5G/edge services digital transformation that identifies genuine new revenue and service opportunities enabled by

- Executive
- Advanced
- Template Included

Read playbook

Enterprise Transformation

AI & Digital Transformation Talent, Skills & Capability Building Playbook

A framework for building AI and digital transformation talent and capability deliberately — targeted skills assessment, structured capability building, and tale

- Executive
- Intermediate
- Template Included

Read playbook

Enterprise Transformation

Digital Transformation Risk, Resilience & Business Continuity Playbook

A framework for digital transformation risk, resilience, and business continuity planning that treats the transformation program itself as a source of operation

- Executive

- Advanced
- Template Included

Read playbook

Talk to our digital transformation team

Author

Mithun A. Sridharan Thought Leader

I'm Mithun A. Sridharan, Founder of this website - Think Insights - on Strategy, Management Consulting, Leadership, Digital Transformation, and Data Literacy. Follow me on social media or connect with me on LinkedIn for updates.