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Internal Corporate Venturing - A Means to Survive

A Multiple Case Study of How Innovative Norwegian
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Corporate Venturing Units

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Preface

This thesis is written by three students as a final part of their master's degree at The School of Entrepreneurship (NSE) at The Norwegian University of Science and Technology (NTNU). The study has been conducted from January to June 2021.

The authors would like to express their sincere gratitude to their supervisor Even Haug Larsen for his sharp feedback, encouragement, and insightful discussions during the writing of the thesis. Additionally, the authors would like to thank the informants from Posten, Storebrand, VG, FINN, and Schibsted for taking their time to be part of this study and sharing their insights and experiences. It was an honor to interview so many influential and interesting people from some of the most innovative companies in Norway. Their answers and reflections have been invaluable for the research.

Trondheim, June 11th, 2021



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Abstract

In a rapidly changing environment, it is essential for companies to be innovative to survive. One entrepreneurial strategy companies can use to cope with future demands is internal corporate venturing (ICV). Companies that engage in this entrepreneurial strategy typically create a separate ICV unit within the existing company (parent company) with the purpose of identifying and developing new businesses for the firm in a start-up-like environment. ICV is increasingly used by established companies, and the question of how to organize and manage it successfully is hence of increased interest.

While the criticality of ICV units for innovation and survival has long been acknowledged, the organizational factors associated with ICV success are less understood. This indicates a need for granting a better understanding of how to manage and organize ICV initiatives successfully. Therefore, the thesis seeks to further identify which organizational factors of the parent firm and the ICV unit that contribute to making the ICV unit successful, through a multiple case study of four Norwegian firms. The thesis provides an understanding of what established companies need to consider to organize and manage ICV units successfully and provides the ICV field with qualitative empirical data for further analysis and research.

By examining the organizational factors that influence the success of the ICV units investigated, three key findings became apparent: (1) The ICV unit should work with radical innovation and be separated from the core business, but involve people from the core business if the idea will be integrated into the parent, (2) the ICV unit needs autonomy: freedom to test, experiment and decide based on how the new business evolves, and (3) top management support is essential for the success of the unit.

Further research is suggested to investigate (1) whether Norwegian companies should have a different compensation system for the ICV activities than for the core business, (2) whether what type of innovation the unit seeks to pursue affects how the ICV activities should be organized and managed, (3) whether the unit should have a structured or unstructured approach to innovation, and how this affects the degree of autonomy and performance, and lastly (4) how the parent company can facilitate an effective evaluation system of the ICV unit's ideas that does not limit the unit's autonomy.

Sammendrag

I en verden i rask endring må selskaper være innovative for å unngå å bli irrelevante, og dermed overleve. En innovasjonsstrategi som selskaper kan bruke for å håndtere fremtidens utfordringer er “internal corporate venturing” (ICV). Bedrifter som tar i bruk denne innovasjonsstrategien, etablerer vanligvis en egen ICV-enhet (avdeling) i det eksisterende selskapet (morselskapet) med formål om å identifisere og utvikle nye virksomheter for firmaet i et start-up-lignende miljø. ICV blir i økende grad brukt av etablerte selskaper, og spørsmål om hvordan man skal organisere og administrere denne innovasjonsstrategien er derfor av økt interesse.

Mens viktigheten av ICV-enheter for innovasjon og overlevelse lenge har vært anerkjent, er de organisatoriske faktorene knyttet til ICV-suksess mindre forstått. Dette indikerer et behov for å øke forståelsen for hvordan man lykkes med å administrere og organisere ICV-initiativer. Denne oppgaven forsøker derfor å ytterligere identifisere hvilke organisatoriske faktorer relatert til morselskapet og ICV-enheten som bidrar til å gjøre ICV-enheten vellykket, gjennom en flercasesstudie av fire norske bedrifter. Avhandlingen vil gi en forståelse av hva etablerte selskaper trenger å vurdere for å lykkes med å organisere og administrere ICV-enheter, og gi ICV-litteraturen kvalitativ empirisk data for videre analyse og forskning.

Tre sentrale funn ble tydelige ved å undersøke de organisatoriske faktorene som påvirker suksessen til ICV-enhetene: (1) ICV-enheten burde arbeide med radikal innovasjon og være adskilt fra kjernevirksomheten, men involvere mennesker fra kjernevirksomheten hvis ideen skal bli integrert i morselskapet, (2) ICV-enheten trenger autonomi: frihet til å teste, eksperimentere og bestemme ut fra hvordan den nye virksomheten utvikler seg, og (3) støtte fra toppledelsen er essensielt for enhetens suksess.

Videre forskning foreslås å undersøke (1) om norske selskaper burde ha et annet kompensasjonssystem for ICV-aktivitetene enn for kjernevirksomheten, (2) om hvilken type innovasjon enheten utfører påvirker hvordan ICV-aktivitetene skal organiseres og ledes, (3) om enheten skal ha en strukturert eller ustrukturert tilnærming til innovasjon, og hvordan dette påvirker graden av autonomi og ytelse, og (4) hvordan morselskapet kan legge til rette for et effektivt evalueringssystem av ICV-enhetens ideer som ikke fratrar enheten autonomi.

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Dictionary

Table 0.1: Terms used (interchangeably) in the thesis and definitions of the terms

Terms used	Definition, Comment
“Company” “Firm” “Corporation” “Organization” “Established firm/company”	Definition: An existing organization aimed to execute a repeatable and scalable business model. A start-up on the other hand, is a temporary organization in search of a repeatable and scalable business model (Jordan, 2019) Comment: When referring to the case companies with the ICV unit, “parent company/firm” is often used
“New business” “New venture” “New idea” “New initiative”	Definition: New innovation initiatives that evolve from the parent firm’s ICV activities (Covin & Miles, 2002). Figure 0.1 illustrates what constitutes a “new business”
“Internal corporate venturing unit” “Unit”	Definition: A separated unit within the firm with the purpose of identifying and developing new businesses for the firm (Birkinshaw & Hill, 2005)
“Core business employees” “Core business”	The people and departments working with the day-to-day operations of the company
“Incremental innovation” “Innovation on core”	Definition: Efforts to make incremental changes to existing products, using existing products and assets (Ettlie, 1983; Atuahene-Gima, 2005)
“Adjacent innovation”	Definition: Involves leveraging something the company does well into a new area and is done through entering adjacent markets and/or adding incremental products and assets (Nagji & Tuff, 2012)
“Radical innovation” “Transformational innovation”	Definition: Designed to create new offers to serve new markets and customer needs, and require that the company develop new products and assets (Chandy & Tellis, 2000)

Market Creation (New to «World»)	New Business	New Business	New Business	New Business
New Market for the Corp.		New Business	New Business	New Business
Extension of Current Market			New Business	New Business
Current Market for the Corp.				New Business
	Current Product of the Corp.	Extension of Current Product	New Product for the Corp. In Current Industry	New Product for the Corp. In New Industry (i.e., Diversification)

Figure 0.1: What constitutes a “new business”, adopted from Kuratko et al. (2009)

1 Introduction

Darwin once famously wrote, “It is not the strongest of the species that survive, nor the most intelligent, but the one that is most responsive to change.” (O’Reilly & Tushman, 2008, p. 185). His theory on evolution can be applied to the present-day competitive business landscape, where corporate survival is no longer about size or strength - it is those able to best adapt to the fast-paced environment that will survive. Change has never been more rapid (with digital transformation as a key driver), and the net result is that companies can now rise and fall faster than ever (Krasadakis, 2020). Therefore, companies must incorporate entrepreneurship to evolve the business, successfully adapt to the rapid change, and avoid becoming obsolete (Prieto et al., 2020).

This thesis investigates how established companies can utilize *internal corporate venturing* (ICV) as an entrepreneurial strategy to survive in the current global and rapidly changing environment. The following introduction chapter presents the background and importance of the topic and observed research gaps in the existing literature. Further, the purpose and the proposed research question of the study, and the associated contributions are presented. Lastly, the structure of the thesis is laid out.

1.1 Background and Importance

While entrepreneurship is usually associated with the creation of new independent ventures (start-ups), it is also crucial for the survival of existing companies. According to Prieto et al. (2020, p. 93), the new mantra for firms is “innovate or die”. In the interviews for this study, the authors talked with The Chief Data and Technology Officer in Schibsted who said that *“If you stop working with innovation, you have taken a step into the grave, and it is just a question of how long it takes before someone throws soil over you as a bankrupt company. All great giants die at some point if they do not renew themselves.”* Entrepreneurship within existing firms, namely corporate entrepreneurship (CE), is a way for companies to cope with future demands (Karimi & Walter, 2016; Zahra, 2015). It can provide new resource combinations to extend the firm’s activities in areas unrelated or marginally related to its current core business (Burgelman, 1983). Adapting entrepreneurial strategies is a path to success (Ireland et al., 2009), as companies that have a focus on entrepreneurship are more likely to grow (in terms of the number of employees, total sales, and market share) than those that do not (Antoncic & Hisrich, 2001).

There are several ways companies can adapt CE, and corporate venturing (CV) is considered the main pillar for the realization of such (Kuratko et al., 2015; Narayanan et al., 2009). CV can be defined as companies' entrepreneurial efforts in creating or investing in new businesses (Covin & Miles, 2002). Thus, CV combines the scale and power of a large organization, with the flexibility, creativity, and resilience of a small one (van der Bosch & Duysters, 2014). Moreover, CV makes it possible for established companies to work with new markets and business models in a flexible and innovative way, in addition to their existing business models (Baaken, 2019). By doing so, CV can help companies cope with "the innovator's dilemma", which is the decision that firms must make between catering to their customers' current needs or adopting innovations that will answer their future needs (Christensen, 2013, p. 1).

The new business created or invested in through the CV initiatives can have external or internal means (Covin & Miles, 2007). When the new business originates *outside* the boundaries of the established firm, through the utilization of independent ventures, it is referred to as external corporate venturing (ECV). For instance, a company can partner up with, or acquire, a startup to integrate and exploit knowledge and technology originating from outside of the company. When the new business originates *inside* the boundaries of the established firm, it is referred to as internal corporate venturing (ICV) (Covin & Miles, 2007). Companies that engage in ICV typically create a separate ICV unit within the existing company (referred to as the parent company/firm), with the purpose of identifying and developing new businesses for the firm in a start-up-like environment (Birkinshaw & Hill, 2005).

Since the ICV unit is placed within the parent firm, there are several factors regarding the relationship between the parent and the unit, and how the unit is organized within the parent, that affects the performance of the unit (Enkel & Goel, 2012; Hill & Georgoulas, 2016). Organizational factors influencing the ICV unit can be regarded as enablers or inhibitors of success (Enkel & Goel, 2012), and is essential for the parent firm to consider when organizing and managing ICV units. Several factors (such as top management support, separation and autonomy from the parent firm, related market and/or products, human capital and team, evaluation systems, and compensation systems) are discussed in the current CV literature. However, the organizational challenges facing ICV are regarded as comprehensive and ICV initiatives often fail (Hill & Georgoulas, 2016; van den Bosch & Duysters, 2014). Furthermore, when talking to the head of the Digital Innovation unit in Posten he stated that "*ICV is a challenge worldwide. I gave a guest lecture at MIT two years ago, talking to 150 top managers*

from 80 companies (such as Microsoft, SAP, etc.) - and when I talked with them at lunch, they said that they experienced the same problems as we do.”

This indicates a need for granting a better understanding of how to organize and manage this form of CV successfully.

1.2 Research Gaps

The business enthusiasm regarding corporate venturing (CV) has caused an increased academic interest in the phenomenon, which has resulted in a fast-growing, but a fragmented body of literature (Narayanan et al., 2009; Gutmann, 2018). Despite increased recognition of CV, researchers indicate a lack of “best practices” in the CV field, and companies are constantly looking for information regarding how to manage CV initiatives (van den Bosch & Duysters, 2014, p. xv). Moreover, several scholars mention that internal corporate venturing (ICV) is the form of CV that is most poorly understood regarding how to manage and organize it for success (e.g., Garrett & Neubaum, 2013; Hill & Georgoulas, 2016). As mentioned, the new businesses that evolve from ICV activities often fail, and they generally encounter more organizational challenges than external CV (Hill & Georgoulas, 2016).

Covin et al. (2020, p. 15) conclude in their research that an investigation of different parent styles of ICV should be “top priority among scholars”, as it is uncertain how to manage these efforts best, and this information could be proven beneficial to companies wanting to become more entrepreneurial. Further, research suggests that even though the criticality of ICV units for innovation, survival, revenue growth, and profitability has long been acknowledged, the organizational factors associated with ICV success are less understood (Garrett & Neubaum, 2013). Similarly, Enkel and Goel (2012) explain that researchers and business practitioners have offered practical insight, which helps companies understand the strategic aspect of managing ICV. Yet, few scholarly works investigate the influence of different organizational conditions of parent firms that run successful ICV initiatives. Therefore, Enkel and Goel (2012) find it essential that researchers identify organizational factors that contribute to beneficial organizational conditions for ICV.

Lastly, even though ICV has gained increasing interest worldwide, the authors have discovered a lack of literature regarding ICV in companies located in several places around the world. For instance, the authors have not come across any research regarding ICV in Norwegian

companies. As argued by Kemelgor (2002), national corporate cultures and traditions will affect corporate entrepreneurship activities (such as ICV). It is, in other words, room for expanding the literature by studying companies and ICV units in new locations.

1.3 Purpose and Research Question

As a response to the proposed research gaps, the purpose of this study is to *increase the knowledge of how established companies organize and manage internal corporate venturing units successfully*. By *successfully*, the authors imply that the employees in the internal corporate venturing (ICV) unit can create new businesses that serve as positive contributions to the parent firm. Several benefits and motives of ICV exist, such as giving the firm a new source of income, exploit existing corporate competencies in new product or market arenas, acquire new knowledge and skills that may be useful in existing product or market arenas, or build an innovative capability as the basis for making the overall firm more entrepreneurial and accepting of change (Tidd & Taurins, 1999; Miles & Covin, 2002). To achieve the proposed purpose, the following research question (RQ) has been outlined:

RQ: *How should an established firm organize and manage its internal corporate venturing unit?*

The RQ is investigated in a Norwegian context and seeks to identify best practices across different industries. Moreover, the level of analysis is the parent firm and the ICV unit, meaning the variables of interest are the parent firm and the unit mandated with developing new businesses (and not the ventures/new businesses that are developed) (Hill & Georgoulas, 2016). To obtain an answer to the outlined RQ, the authors did a comprehensive literature review and investigated four established Norwegian companies that have seemingly succeeded with ICV, to identify critical organizational factors contributing to the success of their ICV units. The identified organizational factors lay the foundation for how the parent firm should manage and organize the ICV units.

By answering the RQ, the authors contribute to the literature field of CV by providing a better understanding of what established companies need to consider to organize and manage ICV units successfully. The study results will serve as recommendations regarding ICV that can be valuable for companies in various industries that want to implement ICV to survive in the

current global environment where competition increases (Antoncic & Hisrich, 2001). In addition, the findings will provide the CV field with qualitative empirical data for further analysis and research.

The findings can be particularly relevant and helpful for Norwegian companies seeking to become more entrepreneurial. During the data collection, the authors talked to a former Executive Vice President in Schibsted and former Chairman of the Board in Storebrand, who suggested that *“There is generally too little emphasis on innovation in Norwegian firms, and research suggests that Norwegian firms are below the international average when it comes to innovation efforts.”* He further implied that due to the wealth created through the oil sector, Norway has not been reliant on heavy R&D and innovation efforts but looking forward innovation will be an essential replacement of the value created from the oil. Additionally, innovation will play an important role in the recovery from the aftermath of the coronavirus, which the whole world is affected by (Chesbrough, 2020).

1.4 Structure of the Thesis

This master’s thesis is divided into seven chapters. Chapter 2 presents the relevant **literature** on internal corporate venturing (ICV). The **methodology** is described in chapter 3; presenting the research design and applied method of the thesis, followed by the limitations of the chosen method. Chapter 4 introduces the selected case companies. Next (in chapter 5), the empirical findings from the four cases are presented and analyzed through a within-case and cross-case analysis. In chapter 6, the authors answer the research question by discussing the findings and existing literature, followed by the limitations of the thesis. Lastly, in chapter 7, the authors present their conclusion and recommendation for further research.

2 Theoretical Foundation

This chapter provides an overview of the relevant literature on internal corporate venturing (ICV), as the study's theoretical foundation. The presented literature is derived from an extensive literature review conducted by the authors during the fall of 2020. First, information about ICV, in general, is presented, followed by an elaboration of ICV units and advantages and risks connected to ICV as an entrepreneurial strategy. Further, an elaboration of different types of innovation efforts a firm can pursue is presented. Finally, the most central organizational factors affecting the performance of ICV are included.

The terms *new business*, *internal corporate venture*, and *venture* are used interchangeably to describe the innovation initiatives that evolve from the ICV units. These activities often emerge from a separate ICV unit within the parent company, and this ICV unit is the main focus of this study.

2.1 Internal Corporate Venturing

Internal corporate venturing (ICV) can be defined as entrepreneurial initiatives that are created and owned by an existing firm (the parent company/firm), and that remains within the existing organization or as a subsidiary organization (spin-off) (Kuratko et al., 2009; Kuratko & Audretsch, 2013, Urbaniec & Zur, 2020). ICV differs from external corporate venturing (ECV), as ICV aims to create new businesses *within* the organizational domain and the initiatives hence focus on parent company employees as the entrepreneurial resource (Ginsberg & Hay, 1994; Covin & Miles, 2002). ECV, on the other hand, contributes to new ventures' creation of new businesses *outside* the organizational domain (Kuratko & Audretsch, 2013; Sharma & Chrisman, 1999).

Even though it is common to distinguish between internal and external corporate venturing, it is not unusual to have a unit within the parent company that pursues some sort of a combination between the two (Birkinshaw & Hill, 2005). The efforts should not be viewed as alternatives to one another, but as activities that complement each other (Schildt et al., 2005; Keil, 2001). For instance, the new business could be discovered and tested within the parent company, but when scaling up, one could partner with a start-up better suited to deliver the technology needed. However, as long as the idea *originates within* the existing parent company, ICV is the label

used by the authors in this thesis (even though external means might be introduced later in the process).

There are several ways of organizing ICV activities. MacMillan and George (1985) suggest that new businesses can be ranked based on the difficulty and time spent to reach the commercialization stage. The least challenging new businesses, like new products that can be sold to current markets or existing products sold to new markets, should be managed through integration with existing divisions. The most challenging new businesses, like new products sold by competitors but are unfamiliar to the parent company, or completely new products that do not exist today, should be organized through specialized venture structures (such as a unit) (MacMillan & George, 1985). Moreover, Hill and Georgoulas (2016) distinguish between dispersed ICV and focused ICV. Dispersed ICV is venturing activities where new ideas are created by individuals or groups that originate from the general divisions of the parent company. Focused ICV are selected organizational units developed to create new internal businesses for the parent company (Hill & Georgoulas, 2016). Focused ICVs are referred to as ICV units in this thesis and are the focal point of the study.

2.1.1 Internal Corporate Venturing Units

Creating new businesses within an existing firm often requires a unique structure, culture, and systems (Simon et al., 1999). Therefore, companies that engage in ICV typically create a separate internal corporate venturing (ICV) unit within the existing company to identify and develop new businesses for the firm in a start-up-like environment (Birkinshaw & Hill, 2005). The ICV unit oversees developing ideas from the corporate environment that often stays unexplored due to a lack of time and money (Evald & Bager, 2008), or since they do not fit with the current core business (Weiblen & Chesbrough, 2015). The unit can be seen as an incubator that provides the new businesses with a creative environment protected from the slow and bureaucratic parent company, and supports the ventures with funding, premises, expertise, team formation, and contacts (Weiblen & Chesbrough, 2015; Evald & Bager, 2008). The ICV unit is responsible for all aspects of the tasks of developing a new product, bringing it to market, and carrying it through at least its initial phases (Von Hippel, 1977; Garud & Van de Ven, 1992).

If the idea is developed into a promising business, it can either be spun out of the parent company (spin-off) or integrated into an existing department or as a separate department within the parent (Kötting, 2019). If the new business fits with the existing strategy of the parent firm, it can be integrated into the established business and result in rejuvenation of the parent with new technological capabilities and new business opportunities. However, if the new business does not fit with the existing strategy of the parent firm, it should become a standalone spin-off (van Burg et al., 2012). A spin-off can be seen as an internal new business that is externalized (Keil, 2001). After the idea is discovered and developed within the ICV unit, it is made into a self-standing firm separate from the parent (Narayanan et al., 2009; Shin & Cho, 2020). Spin-offs serve as an important means for firms to exploit opportunities in markets they are not familiar with and contribute to the parent firm's competitive advantage (Baaken, 2019).

The venturing process at Nokia Corp. of Finland is a great example of a company utilizing an ICV unit (McGrath et al., 2006). When some of Nokia's main business areas, such as mobile phones, started to show signs of maturation, they decided to find new areas with the potential to achieve future growth. They started a new division called Nokia Ventures Organization (NVO), with a mission of finding new growth opportunities beyond the scope of the existing businesses within Nokia. When a project looked promising it was moved out of the NVO, usually with the same team who had been working on the idea and placed into one of the core divisions where it could be scaled up and launched. However, if the project was promising, but they decided it did not fit within Nokia, the venture was spun out (McGrath et al., 2006).

2.1.2 Advantages and Risks of Internal Corporate Venturing

Advantages

According to Covin and Miles, (2002) the primary advantage of internal corporate venturing (ICV) is that it can develop the parent company's capabilities and resources, such as tacit knowledge. ICV might directly increase the parent company's competitiveness by activating and exploiting the parent's internal innovation potential, which has not been fully utilized (Reimsbach & Hauschild, 2012). Furthermore, the activities can make entrepreneurial behavior acceptable amongst the employees and create a beneficial cultural change and human resource development (Covin & Miles, 2002; Kötting, 2019). Combining these advantages might improve recognition and exploitation of entrepreneurial opportunities within the firm (Covin & Miles, 2002; Tidd & Taurins, 1999). Moreover, there is an agreement among several managers

in large established companies that ICV is a great way to achieve corporate growth and diversification (Burgelman, 1984). ICV can be aimed at (1) (1) creating breakthrough technology by combining insight from the R&D and marketing departments, (2) (2) scouting for new opportunities in emerging technologies, (3) gaining financial returns by spinning out new businesses, and (4) supporting the development of complementary products that can increase the demand for the parent corporation's existing products (Kötting, 2019).

Furthermore, spin-offs often benefit the parent corporation as they develop complementary positions in the value chain where unused technologies are exploited (Cirillo, 2019). Festel (2013) argues that spin-offs benefit the firm as they can more easily pick up external impulses in a setting apart from the mainstream business. Moreover, it can be tough to integrate radical ideas into existing divisions within the parent company, as the main business tends to put up defenses because of the lack of fit with the core business and/or the risk of it cannibalizing existing activities (Festel, 2013). This is not a problem if the new business is spun out.

Risks

ICV is often perceived as the costliest of the corporate venturing forms when considering managerial involvement and resource commitment (Covin & Miles, 2002). Moreover, there is a risk that the ICV unit might undermine the corporation's daily operations if it differs too much from the existing competencies of the firm (Reimsbach & Hauschild, 2012). There is also a risk that the employees in the ICV unit that do not feel valued and supported might leave the parent company and start rival businesses (Covin & Miles, 2002). Other common problems associated with ICV are the employees' fear of failure and unwillingness to take risks (Covin & Miles, 2002). Furthermore, Evald and Bager (2006) state that the corporate funding and support structures might prolong ventures' time to market, as venture teams may be more concerned with political processes rather than finding and testing the new products with customers. Unrealistic corporate expectations combined with impatience for results by managers is also a common challenge related to ICV (Brazeal, 1993).

According to Garrett and Neubaum (2013), ICV efforts often fail. Tidd and Taurins (1991, p. 122) suggest that corporate ventures' success varies greatly, but only about half of every new venture survives and becomes an operating division. This is impressive compared to the statistics of successful new ventures started by independent entrepreneurs (Ginsberg & Hay, 1994), but corporate ventures often have better prospects of success because they operate in a

safer environment with access to more resources. Internal corporate venturing can be risky for parent companies but is still considered a viable strategy for creating new businesses and can be less risky than acquisitions (Ginsberg & Hay, 1994).

2.2 Different Types of Innovation

Incremental vs radical innovation

There are several different types of innovation efforts in which a firm can engage. The most established classification distinguishes between incremental and radical innovation (Dewar & Dutton, 1986). Incremental innovations can be defined as innovations that refine and reinforce existing products and services (Ettlie, 1983), and are innovations on the companies' core products and services (Atuahene-Gima, 2005). Incremental innovation seeks efficiency and improvements and is a result of exploiting the firm's current knowledge (Atuahene-Gima, 2005). On the other hand, radical innovations are innovations that significantly transform existing products, services, and/or technologies and often make the existing product/service designs and technologies obsolete (Chandy & Tellis, 2000). These innovations can sometimes lead to the cannibalization of existing products (Chandy & Tellis, 1998). Radical innovations are characterized by high risk and uncertainty, resulting in various mixes of high-visibility successes and discouraging failures (Taylor and Greve, 2006). It requires exploration to develop new knowledge and to experiment with new ideas (Atuahene-Gima, 2005).

Even though there is a distinction between radical and incremental innovation, there is in practice a continuum of innovations that range from radical to incremental (Hage, 1980). Nagji and Tuff (2012) suggest that one can distinguish between core, adjacent and transformational innovation initiatives. Equal to incremental innovation, core innovation are efforts to make incremental changes to existing products. Adjacent innovation involves leveraging something the parent company does well into a new area and is done through entering adjacent markets and/or adding incremental products and assets. Finally, transformational initiatives are equal to radical innovation, as it is designed to create new offers to serve new markets and customer needs. They require that the company develop new products and assets (Nagji & Tuff, 2012). The authors will use the terms incremental, adjacent, and radical innovation consistently throughout the thesis.

Balancing both incremental and radical innovation

A company should include both incremental and radical innovation projects in its portfolio (Wheelwright & Clark, 1992). Incremental projects pay the bills and leverage current strength, while radical projects build new capabilities and morale while providing future businesses (Wheelwright & Clark, 1992; Mauzy & Harriman, 2003). To prosper or even survive, firms must excel at both exploitative (incremental innovation) and exploratory (radical innovation) innovation (Tushman & O'Reilly, 1996).

However, structuring both incremental and radical innovation simultaneously is not easy (Atuahene-Gima, 2005). Managers face a significant strategic dilemma; how to exploit existing innovation competencies through incremental innovation while avoiding its damaging rigidity effect on exploring new competencies and the development of radical innovation (Atuahene-Gima, 2005). Since the benefits of exploration are distant and uncertain, managers tend to put more resources into exploitation (March 1991). Leonard-Barton (1992, p. 111) used the term “capability–rigidity paradox” to describe this phenomenon where competence exploitation tends to outcompete competence exploration. Many business observers consider this paradox the toughest managerial challenge in sustaining a firm's competitive advantage (Atuahene-Gima, 2005). To assure that a certain percentage of innovation efforts are spent on radical innovation, many organizations have adopted Google’s “70-20-10” rule of innovation (Weber, 2019, p. 38). This includes devoting 70% of the company’s innovation resources to incremental initiatives, 20% to adjacent ones, and 10% to radical initiatives (Weber, 2019, p. 38; Nagji & Tuff, 2012, p. 3). Moreover, to overcome the challenges connected to radical innovation within the organizational structure, developing an independent unit (e.g., ICV unit) with separate goals, organizational processes, and corporate culture is a common strategy (Maine 2008; Sykes and Block, 1989).

2.3 Organizational Factors Influencing ICV Performance

A significant amount of the literature on internal corporate venturing (ICV) investigates different organizational factors influencing the success of ICV (Narayanan et al., 2009; Hill & Georgulas, 2016). The factors primarily discussed in the current literature include (1) the role of top management support, (2) whether the ICV unit should be integrated or separated from the parent, (3) relatedness or fit with the parent, (4) human capital and team, (5) evaluation systems, and (6) compensation systems. Some have gained considerably larger attention in the

literature and will therefore be elaborated more than others. These factors also form the basis of how the parent corporation should organize and manage the ICV activities (Hill & Georgoulas, 2016).

The literature often discusses the organizational factors on a general corporate venturing (CV) level, regardless of if the factors concern internal or external CV. Therefore, some of the organizational factors presented below are discussed on a general CV level (and apply to both internal and external CV), while others are aimed explicitly at ICV. The literature also discusses these factors and their relation to the ICV unit and the specific new ventures interchangeably, as the unit and ventures emerging from the unit are highly related. Therefore, factors on both a unit-level and a venture-level are included, to understand how the literature suggests that an established firm should organize and manage ICV units (RQ).

2.3.1 Top Management Support

Top management support is a key factor in ICV (Garrett & Neubaum, 2013). It is defined as the degree to which the parent company's top management is supportive of the venture (Kuratko et al., 2009). Ginsberg and Hay (1994) state that whether an ICV program is successful or not is first and foremost based on the top managers' behavior. Similarly, Hisrich and Peters (1986) suggest that an ICV unit will never succeed without top management support. Since CV units are misfits, and misfits are generally the first things to be killed whenever problems arise in a parent company, high-level sponsorship (meaning senior executives are always supportive of the venture and push back criticism of the venturing activities) is one of the key success factors (Birkinshaw et al. 2002). Top management support makes it more likely that the new business is seen as strategically important and is given the required resources from the parent corporation (Kuratko et al., 2009). Moreover, top management support is required for continuous improvement of the venturing activities (Kötting & Kuckertz, 2019).

With that being said, how the top management engages with the venture is relevant for its impact on venture success. For instance, top management that focuses on short-term results might negatively impact the performance of the ICV unit, as it might prematurely cut out promising ventures (Hill & Georgoulas, 2016). Hence, top managers should focus on boosting confidence and momentum in the process instead of focusing on quick financial returns (Block & MacMillan, 1993; Ginsberg & Hay, 1994). Fast (1979) identified several ways top

management can contribute to making CV units successful. This included securing funds and facilitating sharing of resources (like transfer of staff, knowledge, and skills from the core business), spending time mentoring and guiding the CV teams when facing obstacles and helping with resolving conflicts with other departments. Ginsberg and Hay (1994) suggest that top management should discuss the need to be more entrepreneurial with managers, create a mission statement that highlights a desire to become an entrepreneurial company, and then educate and train employees' ability to identify new ideas. This is similar to Block and MacMillan's (1993) suggestions, namely that top management should make sure the new business development is a concern for all managers in the division and demonstrate a personal commitment by promoting new business development at both formal meetings and in more informal conversations.

Researchers also emphasize the importance that the top management initiate the implementation of ICV in the company, and build suitable structures (Hill & Georgoulas, 2016; MacMillan & George, 1985), like creating separate ICV units working with developing new businesses (Ginsberg & Hay, 1994). This is compatible with Kuratko et al.'s (2009) research, which found that ventures that originated from planned initiatives were more likely to succeed. This was because they were formally perceived as desirable initiatives within the business portfolios and were more likely to receive the needed financial resources and other forms of support. Moreover, if the venture's goals and value propositions were clear to the management at the early development stage, it was more likely to succeed (Kuratko et al., 2009).

2.3.2 Separation and Autonomy from Parent Firm

Several scholars discuss the optimal degree of structural separation of the ICV unit from the parent firm's core activities (e.g., Thornhill & Amit, 2001; Garrett & Covin, 2015; Kuratko et al., 2009; Covin & Miles, 2007). Some scholars differentiate between structural separation versus integration, and autonomy. However, the two factors seem highly related and are in most research discussed interchangeably - implying that separation and autonomy are the same. An elaboration of integration, separation, and autonomy follows.

Integration

Integration is a specific mechanism that coordinates and facilitates different organizational departments to work together (Burgers et al., 2009). Integrative mechanisms link the ICV unit

with the rest of the organization by providing the unit with access to the parent's resources and skills (Thornhill & Amit, 2001). Scholars implying that integration is favorable, argue that a close connection to the parent might allow the new venture to take advantage of the parent's competencies and resources (Thornhill & Amit, 2001). Creating linkages between the unit and the parent increases the flow of people, technology, and capital between the two parts (Hill & Birkinshaw, 2012). Furthermore, knowledge flow between the ICV unit and the parent is more likely to happen (Garrett & Covin, 2015), and integration makes it easier to transfer the innovations and results to the parent (Covin & Miles, 2007). The corporate parents might require monitoring (and therefore prefer a close connection) since the financial risks fall entirely on the parent company (Ginsberg & Hay, 1994). Moreover, integration makes it easier for the parent company to set goals and evaluate the new venture's success (Garrett & Neubaum, 2013). Garrett and Neubaum (2013) state that integration is positively related to venture performance because it can help corporate managers guide and improve their ventures' performance. Incremental innovation initiatives, and radical projects related to the core business and strategies of the parent, are most likely to succeed if they remain integrated with the existing business (Weber, 2019; van Burg et al., 2012).

Separation

On the other hand, structural separation is defined as the segmentation of the organizational system into subsystems (Burgers et al., 2009). The researchers suggest that this serves as a mechanism for decoupling the ICV activities from the core businesses to increase flexibility and local adaptation in ICV units. Van den Bosch and Duysters (2014), suggest that ventures are most successful when they are separated from the parent mentally, physically, and organizationally. Similarly, McGrath et al. (2006) suggest that new ventures should be separated in a way that protects them from the short-term pressures from the parent firm.

Entrepreneurship inside established companies is not always peaceful as it challenges the customs, practices, and cultures that were successful during the company's development (Sykes & Block, 1989). The culture of large established companies may prevent the experimentation required for investigating radical innovation in the ICV units (Sykes & Block, 1989; Block & MacMillan, 1993). According to Chandy and Tellis (1998), a major factor for successful radical innovation is companies' willingness to cannibalize their own investments. Meaning, to what extent a company is prepared to reduce the actual or potential value of its investments to create and introduce new products and services (Chandy & Tellis, 1998). Burgerman and Sayes (1988)

state that it is essential that top management does not let their shared experiences, historical period, and common roots affect the culture of the ICV units and is therefore encouraged to structure the unit as a division separated from the parent companies' routines, values, and culture. Bulgiers et al. 's (2009) research found a positive effect of structural separation on ICV performance.

However, scholars suggest that even though the ICV unit should be separate, a plan should be developed that secures smooth coordination and integration between the parent and the new venture (van den Bosch & Duysters, 2014). This could for instance be done by involving employees from the core business in the new venture from the very start (Birkinshaw & Hill, 2005). This is important as parent companies with established structures and bureaucratic thinking often have an acceptance problem of new initiatives as they fear the cannibalism of the core business or the well-known "not invented here syndrome" (Festel, 2013, p. 457). Not invented here syndrome arises as project groups from the core business tend to believe they possess a monopoly of knowledge in their field, so they reject new ideas from outsiders, and they are likely to harm the performance of the new initiative (Katz & Allen, 1982). The critical phase of integrating the new business into an existing business department is often overcome by building relationships between employees working with the new initiative and those who work within the core business divisions (Birkinshaw & Hill, 2005). Spin-offs can also overcome the not invented here syndrome through their different cultures since the new business is not integrated into the parent company (Festel, 2013).

Autonomy

According to Kuratko et al. (2009), autonomy concerns whether it is the employees working with new initiatives within the ICV unit, or the parent firm's top management, that are responsible for establishing the ICV unit's strategy, goals, and milestones, and decide how the internal operations are designed. Similarly, Hisrich and Peters (1986) and Birkinshaw and Hill (2005) suggest that autonomy includes a separate pot of money allocated to the unit and decision rights for both managerial matters and investments. Since the purpose of ICV typically is to develop new products and/or markets and therefore generating a high level of creativity and innovation (Ginsberg & Hay, 1994), it often requires learning through experimentation - and it is thus beneficial with a great deal of freedom (Garrett & Covin, 2015). Autonomy might make it possible for the ICV unit to avoid being constrained by the corporate inertia and bureaucracy of the parent (Patanakul et al., 2012). This can make the unit more creative and

flexible, hence more responsive to changing environmental demands (Thornhill & Amit, 2001; van den Bosch & Duysters, 2014). Hisrich and Peters (1986) and Birkinshaw and Hill (2005) found that those venture units that are substantially autonomous from the parent firm perform significantly better.

2.3.3 Relatedness (Market and/or Product Similarity)

The corporate venture literature discusses whether it is beneficial that the new venture operates in a market and/or with products similar to what the parent does, or whether it should have a different scope (e.g., Narayanan et al., 2009). This might seem similar to integration vs separation but does not concern the organizational aspects of how connected the venture should be to the parent, but how similar the market and/or products are. This factor is also related to the type of innovation (described in 2.3) but is not precisely the same. The author's interpretation of the literature is that incremental innovation is always related to the parent's current products/market, but radical innovation can be either related or unrelated.

Unrelated market and/or products

Sorrentino & Williams (1995) suggests that whether the venture's markets and/or products are related to those of the parent, does not affect either venture performance or the entry strategy of new businesses. Garret and Neubaum (2013) conclude that when ventures pursue products/markets similar to their parents, it can seriously damage the long-term performance of the venture. Not being related makes it possible to avoid the high costs of coordination associated with resource sharing, negative synergies that might arise, and internal conflicts such as competition for resources and jealousy (Sorrentino & Williams, 1995). Corporate ventures might not be considered to fit in with the established company's operating mode, but according to Ginsberg and Hay (1994), that is precisely the point.

Related market and/or products

Contrary, other scholars have found a positive correlation between the new ventures having similar markets and/or products as their parents, and venturing success (e.g., Sykes, 1986; Covin et al., 2015), as the venture can exploit the existing firm's current resources, structures, skills, and know-how (Sorrentino & Williams, 1995). Furthermore, top management support is more likely to occur when the parent and venture are related, as the managers understand the new business (Sykes, 1986) and there is a degree of strategic alignment (van den Bosch &

Duysters, 2014). Similarly, studies also argue that ventures are more likely to succeed if they operate in a market or with products/technologies that are similar to those of the established business, as they can leverage on the parent's knowledge and capabilities (Kuratko et al., 2009; Covin & Miles, 2007). The further away a venture's main focus is from its parent's, the more difficult it will be for the parent to provide knowledge, resources, and expertise to the venture (Garrett & Neubaum, 2013). Von Hippel (1977) found a strong positive correlation between venture success and the parent company's prior experience with the venture's customers.

2.3.4 Corporate Venturing Team

Getting the right people to work in the internal corporate venturing (ICV) unit, and the specific new ventures is a key factor of succeeding with ICV (van den Bosch & Duysters, 2014; Hill & Georgoulas, 2016). Creativity, having an entrepreneurial mindset and commitment, as well as management skills, venture specific knowledge, learning capability, and capability to work in interdisciplinary teams are amongst the skills associated with a positive ICV outcome (van den Bosch & Duysters, 2014; Kuratko et al., 2009; Brazeal, 1993).

Van den Bosch and Duysters (2014) highlight that diversity of the members in the venture is seen as crucial for venture success. Similarly, some researchers have pointed out that cross-functional teams are key to creating breakthrough innovations (O'Reilly & Tushman, 2004). The team members should have a broad range of knowledge and expertise (business, finance, law, media, sales, etc.) that will be needed at different stages in the ICV process (van den Bosch & Duysters, 2014). There should also be a balance between introversion and extroversion, "go-getters", "free thinkers" and "builders" (van den Bosch & Duysters, 2014, p.129). However, especially in the early phase, small teams are beneficial to increase commitment and entrepreneurial behavior, and one should therefore not involve too many people (Hisrich & Peters, 1986). It might be beneficial to include people from outside of the parent company that can view things with new eyes and who have expertise in the targeted market (Sykes, 1986), as well as entrepreneurial people from within the organization, in the ICV unit (van den Bosch & Duysters, 2014). Whoever ends up joining the ICV unit, an integrated team must be exclusively dedicated to working within a venture, especially in the two first years of the venture's existence (Ginsberg & Hay, 1994).

2.3.5 Innovation Process and Evaluations Systems

A common belief in the CV literature is that corporate ventures should be freed from the rigid bureaucracy of the parent, and hence be free to explore new ideas creatively (as elaborated on in 2.5.2 about autonomy) (Enkel & Goel, 2012). This implies that they should have loose systems. However, Enkel and Goel's research concludes that "loose systems are required to generate new ideas and business models, but they should be complemented by tight systems represented by procedural clarity and procedural discipline to improve accountability and delivery of outcomes." (Enkel & Goel, 2012, p. 37). Procedural clarity and discipline imply that the processes the ICV team is going through when creating and evaluating a new business are clear, unambiguous, and explicitly stated, and it is followed without many exceptions. For instance, there should be clearly identified roles, responsibilities, and decision-making mechanisms. Enkel and Goel (2012) argue that structure enables the parent organization to work for, rather than against, the new ventures. Moreover, it allows for the transfer and utilization of resources from the parent firm to all new ventures impartially. A lack of procedural clarity and discipline causes poor coordination and leads to a high degree of uncertainty (Enkel & Goel, 2012).

Similarly, McGrath et al., (2006) argue that ICV activities are more likely to succeed if managed with processes and structures that support their hard-to-plan and unpredictable nature. Therefore, it is common to use a model to manage the innovation process in the unit (McGrath et al., 2006; Block & MacMillan, 1993). According to van den Bosch and Duysters (2014), the most successful firms that engage in CV use distinct milestones and stage-gate processes (originating from Cooper, 1990). The stage-gate model, illustrated in Figure 2.1, can provide guidelines for the management, make quick decision-making possible, and improve the time-to-market for the new businesses. The process is funnel-shaped, meaning that every stage often ends with a go/no-go evaluation where some ideas may be terminated. When moving to the next stage, the project requires larger investments, both in terms of finance, time, and resources used by the venture managers (van den Bosch & Duysters, 2014; McGrath et al., 2006). Since radical innovation involves high risk, it is recommended to involve a credible and influential steering committee that understands the timelines and inherent uncertainties of radical innovation that can assist in the evaluation of the efforts (Leifer et al., 2000). A good evaluation system contributes to supporting the best ventures and identifies the unpromising ones so that

they can be dismissed early and therefore not drain on resources (McGrath et al., 2006; Hill & Georgoulas, 2016).

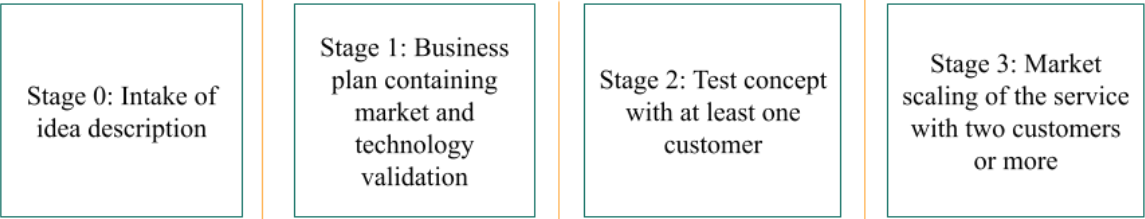


Figure 2.1: Stage-gate model, adopted from van den Bosch & Duysters, 2014 and Cooper, 1990

The stage-gate model has however received criticism (Grönlund, 2010; Lichtenthaler, 2020). It can for instance be time-consuming, be too rigid, include bureaucratic procedures, and restrict learning opportunities (Grönlund, 2010). Moreover, such structured approaches to innovation prescribe a detailed sequence of steps and activities, but often, when working with innovation, the right step cannot be predicted in advance, and imposing a structured process might provide a false sense of control (Lichtenthaler, 2020). Therefore, some scholars argue that creative synthesis requires an agile innovation process rather than a structured predefined process. However, structured, and agile processes are not mutually exclusive, and combining structured gating systems and agile processes might balance the benefits and drawbacks with both (Lichtenthaler, 2020). Similarly, van den Bosch and Duysters (2014) argue that one should balance the planning (through the stage-gate model and other structures) with experimenting, to both focus on the process and the outcome, as this typically leads to more desirable and innovative results (van den Bosch & Duysters, 2014).

Portfolio

The parent company should create an innovation portfolio that reflects the company’s future direction (van den Bosch & Duysters, 2014). In other words, it should define what strategic topics are desired and relevant for the future. The portfolio can thereby serve as a framework that focuses on what kind of new business the parent company should seek to pursue (van den Bosch & Duysters, 2014). Furthermore, it can be beneficial to assess the ventures based on the specific roles within the portfolio (McGrath et al., 2006). For instance, some ventures can essentially be marketplace experiments, where the goal is to find new customer needs. Others can focus on preserving the parent company’s competitive position in the future. Since different

ventures have different strategic roles, the venture outcome may be of value even if they fail to create a new line of business (McGrath et al., 2006).

2.3.6 Compensation System

Compensation systems, including rewards and incentives, are also a factor that influences internal corporate venturing (ICV) outcomes (e.g., Birkinshaw & Hill, 2005; Block & Ornati, 1987). New venture building might become unattractive if the compensation system is the same for both ICV activities and core business since the nature of the venture is risky and has career risks associated with it (Sykes and Block, 1989; Enkel & Goel, 2012). However, large financial rewards for venture managers might create jealousy and unfairness within the core business, leading to decreased support from top managers (Sykes, 1992). Therefore, the incentive compensation plan should take achievement and personal risk into account when handing out rewards, and it should be perceived as fair by employees both inside and outside the plan (Sykes, 1992). It is suggested that rewards should always be tied to goals or milestones (Block & Ornati, 1987; Hisrich & Peters, 1986) and one should aim to reward success and not punish failure (van den Bosch & Duysters, 2014). When there is less pressure regarding results, the ventures are more likely to succeed (Kuratko et al., 2009; McGrath et al., 2006; Shin & Cho, 2020). Parent companies need to realize that most ventures do not lead to financial success, however, they will often generate useful knowledge even if it fails (van den Bosch & Duysters, 2014; Hisrich & Peters, 1986).

Bonuses and rewards

Research has generally found a positive correlation between bonuses and equity-based awards on performance (Hill et al., 2009). Birkinshaw and Hill (2005) found that parent companies typically compensate internal corporate venturing (ICV) units with relatively standard corporate packages, like a flat base-rate salary and possibly with some ad-ons like bonuses. Van den Bosch and Duysters (2014) suggest that stock benefits or ownerships in the venture are more attractive and motivating than regular financial rewards. There seems to be an agreement that milestone-based bonuses, equity and options in the venture, and other bonuses based on the venture's return on investment are amongst the incentives that would promote venture performance (Block & Ornati, 1987).

3 Methodology

In this chapter, the applied research methodology of the study is outlined by describing how the research was conducted, and why the authors made the choices they did throughout the study (Goddard & Melville, 2004). This includes presenting the chosen research design, how the data was collected and analyzed, and finally a reflection on the chosen method and its potential limitations.

3.1 Research Process

The authors have divided the research process into four steps: (1) Literature review and research design, (2) Data collection, (3) Data analysis, and (4) Public presentation. The study began with an extensive **literature review** which led to the outlined research question (RQ), the chosen research design, and the creation of an interview guide. Next, the authors started the **data collection** process by selecting case companies. A total of 19 interviews with relevant representatives from the chosen cases (and Schibsted) were then conducted, and documentation was collected as a secondary data source. After the data was collected, the authors started **analyzing the data**. The interviews were transcribed and coded before a within-case analysis was conducted. The within-case analysis led to descriptions of each case and accelerated a cross-case comparison of the cases. Next, to **answer the RQ**, the authors discussed and compared the findings to existing literature. The process and outcome of the authors' steps during the study are illustrated in Figure 3.1 and are further described in the following sub-chapters.

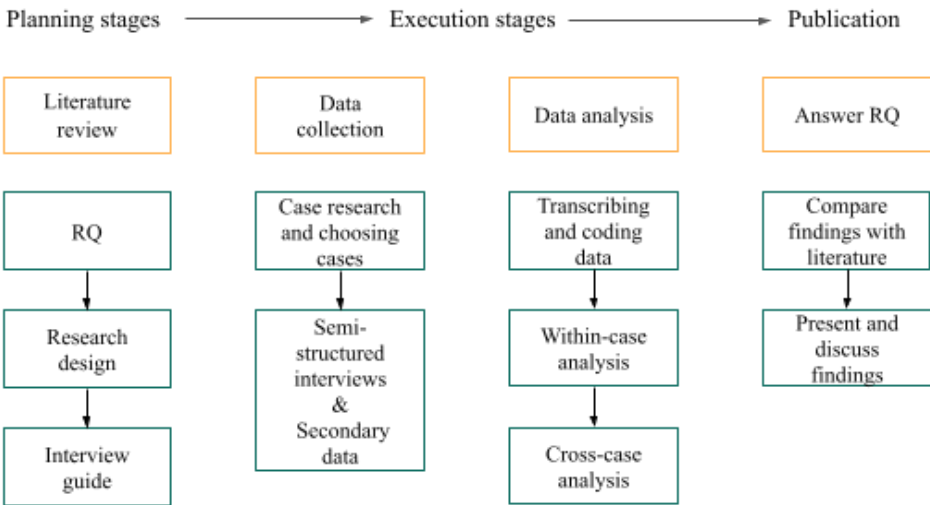


Figure 3.1: Steps of the study process

3.2 Literature Review

A thorough and refined literature review lays the foundation for meaningful and valuable research (Boote & Beile, 2005). The authors conducted a literature review on corporate venturing prior to this master's thesis to gather relevant insight on the topic. Through the literature review, the authors got an insight into different ways to organize ICV activities and what organizational factors influence the performance of ICV units. Moreover, a research gap regarding internal corporate venturing (ICV) was identified, which this study aims at filling. A deductive approach to the thesis was chosen, and the existing literature guided the authors through the study (Wilson, 2010). After the interviews, the literature review was slightly expanded to also include some new topics the interviewees emphasized during the interviews.

3.3 Research Design

A research design can be defined as a systematic plan for a research project (Flick, 2015), and serves as a strategic framework for action that can be seen as a bridge between the research question and the execution/implementation of the research (Blanche et.al, 2006). To answer the research question "*How should an established firm organize and manage its internal corporate venturing (ICV) unit?*", this thesis applies a **qualitative multiple case study design, including four cases**. The rationale behind the research design is explained in the following subsections.

3.3.1 Qualitative Research

Flick (2015) suggests that qualitative research methods investigate a small number of cases according to their relevance, and this design method aims to get a detailed description of a situation. Contrarily, quantitative research is more aligned with numbers and the goal is to get an overview of a phenomenon (Flick, 2015). Since the overall purpose of this study is to *increase the knowledge of how established companies organize and manage ICV units successfully*, a qualitative method was applied to get detailed descriptions of the different situations within the selected case companies.

3.3.2 Multiple Case Study

Having a qualitative approach by asking *how* and *why* questions often call for a **case study** method (Yin, 2009). A case study research is an empirical inquiry that investigates a real-life phenomenon in-depth within the context in which it happens (Ridder, 2017), and the focus is understanding the dynamics within the setting (Eisenhardt, 1989). This method was applied to

fit the authors' research goal of giving a rich description of *how* an established firm should organize and manage its ICV units. The case of interest is the ICV unit within an established Norwegian company that has succeeded with this type of corporate entrepreneurial activity.

A **multiple**-case study enables researchers to understand a phenomenon and advance the existing literature by comparing similarities and differences across several cases (Ridder, 2017). This design method was applied, as it allowed the authors to verify the existing literature regarding what organizational factors influencing how the parent company should organize and manage ICV units successfully, and at the same time map out additional factors that appear across the cases to provide an expansion of the existing literature (Eisenhardt, 1989). There is no ideal number of cases to include in a multiple case study, however, a number between four and ten is often satisfactory (Eisenhardt, 1989; Creswell & Poth, 2016). Since the authors only had 20 weeks to conduct the research it was decided to investigate four ICV units.

3.3.3 Choice of Case Companies

The authors decided to purposely choose the cases to include in the sample, since picking cases at random often results in insufficiencies, and may lead to a sample that is unrepresentative of the population (Seawright & Gerring, 2008). Since the goal of the study is to increase the knowledge of how parent companies organize and manage ICV units successfully, the authors decided to investigate companies that seemingly have succeeded with this type of entrepreneurial strategy to identify what might have contributed to their success. However, the literature is not precise and clear regarding what constitutes ICV unit success and making criteria for which companies to investigate was therefore challenging.

As a starting point, the authors looked at Innomag's annual ranking of the most innovative companies in Norway (Berg, 2020), and the Norwegian Innovation Index which is a customer-based ranking of which Norwegian companies are most innovative (Norges Handelshøyskole, n.d.). One can assume that high scores on these rankings imply that the company has succeeded with innovation. The authors researched 30 companies (mainly through online searches, but also called and emailed several of them) listed on these rankings to determine if they had an ICV unit that fit the literature's description (as presented in 2.1). It was discovered that only about 10 of the researched companies used ICV units as part of their innovation strategy.

To decide which of the 10 companies would be most relevant to investigate further, the authors got recommendations from people with experience and knowledge about innovative Norwegian firms regarding which of the companies can be considered most successful with innovation. During conversations with Tor W. Andreassen (Professor at Norwegian School of Economics, a former member of the jury of Innomag's ranking and highly involved in the development of Norwegian Innovation Index), and faculty members of NTNU School of Entrepreneurship, Posten, Storebrand, and Schibsted stood out as companies with an impressive innovation portfolio. Moreover, having survived over 100 years, and still being relevant today proves that they have successfully engaged in innovation. The authors also found their history and innovation journey intriguing and inspiring and became curious about how exactly they have managed to survive and stay relevant for so many years. Moreover, these companies operate in different industries, and the authors found it interesting to compare cases across industries to perhaps find similarities that can be applied to other companies in various industries. Schibsted does not have an ICV unit centrally but recommended the authors to look at their subsidiaries VG and FINN.

Employees in both **Posten, Storebrand, VG, and FINN** showed great enthusiasm for the thesis. They allowed the authors to interview both managers that have played essential roles in establishing the current innovation strategy in the company and the ICV unit, and several employees working within the units. During initial conversations with representatives from the ICV units, it was discovered that each unit has had innovation projects evolving from the ICV unit that today serves as a positive contribution to the parent company (according to the benefits of ICV described in 1.3). This indicated that the unit is successfully organized within the parent company. Therefore, these four companies were eventually chosen as case companies and their respective ICV units as cases. The final selection criteria are summarized in Table 3.1 An introduction to the case companies is presented in chapter 4.

Table 3.1: Selection criteria for case companies

Selection Criteria	Reason
Established Norwegian company	To verify the existing theory in a new context (Norway), and to simplify the data acquisition process
The company has succeeded with innovation	Imply that they have organized and managed their innovation efforts successfully
The company has an ICV unit that fit the description used in the literature	A better foundation of comparison
The ICV unit has produced innovations that today serve as positive contributions to the company	Imply that the ICV unit is organized and managed successfully
The opportunity to interview both managers from the company and employees from the ICV unit	Allow triangulation of data, and both a bottom-up and top-down perspective

3.4 Data Collection

The data collection was done to provide a rich understanding of how the selected case companies manage and organize their ICV unit. **Interviews** were chosen as the primary data source, which required the development of an **interview guide** and a **selection of interviewees**. **Documentations** have been used as a secondary data source to assist the understanding of the phenomenon. Before collecting data, the authors received approval from the Norwegian Centre for Research Data (NSD). Furthermore, an information sheet including a consent form was sent out and signed by all interviewees to inform how the data would be handled and stored. The rationale behind the data collection method is described in the following subsections.

3.4.1 Primary Data Source: Semi-Structured Interviews

Interviews

According to Yin (2009), interviews are one of the primary tools to obtain case study evidence and provide researchers with thoughts and first-hand experiences. Moreover, semi-structured interviews enable researchers to expand their understanding of the research topics, as in-depth discussions are made possible through follow-up questions to relevant matters, while also ensuring some control of the direction of the interview (Flick, 2015). Therefore, in-depth semi-structured interviews were applied to collect data and laid the primary foundation for the findings in the thesis.

Data was collected through a total number of 19 semi-structured interviews. All interviews were conducted between February and April 2021. The duration of the interviews ranged between 30 to 60 minutes, with the average interview lasting around 45 minutes. The list of interviews and their duration is illustrated in table 3.2 below.

All the interviews were conducted digitally because of covid-19 and social restrictions. Both video and audio of the interviews were digitally recorded and later transcribed. This enabled the authors to devote their full attention to the interviewee during the interview, and not have to take excessive notes simultaneously. During the interview, two of the authors were present, where one focused on the interview questions, while the other took notes and made observations. According to Eisenhardt (1989), this increases the richness of the data and enhances the confidence in the findings.

Table 3.2: A table of interviewees and the duration of the individual and total interviews

Parent Company	Informant	Duration of Interview
Storebrand	Former Chairman of the Board	30 min
	Executive Vice President	60 min
	Chief Innovation Officer	60 min
	Digital Business Developer	60 min
	Digital Business Developer	30 min
	Duration of interviews	4 hr
Posten	Director of Digital Innovation	30 min
	Department Director Helix	45 min
	Head of Business Developers	30 min
	Digital Business Developer	45 min
	Digital Business Developer	60 min
	Duration of interviews	3 hr 15 min
Schibsted	Former Executive Vice President	30 min
	Chief data and technology officer / EVP	60 min
	Data Collaboration Lead at Schibsted	30 min
	Duration of interviews	2 hr
FINN	Business Unit Manager	40 min

	Business Developer	50 min
	Business Developer	45 min
	Duration of interviews	2 hr 15 min
VG	Manager, VG Lab	60 min
	Manager, Business Developers	30 min
	Business Developer	60 min
	Duration of interviews	2 hr 30 min
Total Duration of Interviews		14 hr

Selection of interviewees

The authors interviewed people involved in the internal corporate venturing (ICV) activities of their parent company. The interviewees were a mix of representatives from the top management of the parent firm, the management of the ICV unit, general employees working within the ICV unit, and employees with strong affiliation to the ICV unit (such as people who are a part of the investment board of the unit, or employees that work closely with the ICV unit). The authors wanted to especially include top and middle managers of each firm, as these employees have insight into decisions regarding how to manage and organize the ICV unit, and the results of different efforts. However, it was also crucial to talk to general employees, to verify what the managers were suggesting and provide a bottom-up perspective. Interviewees from Schibsted were asked questions about the general innovation in Schibsted, but also questions regarding VG and FINN, as the interviewees knew a great deal about both case companies. The authors used their contacts and LinkedIn to reach out to one employee from each case company. This contact further suggested other relevant employees to interview within the firm.

Interview guide

Before conducting the interviews, the authors developed an interview guide (see Appendix 1). The guide consisted of open-ended questions that allowed the authors to gather personal reflections and opinions from the interviewees, and avoid influencing them (Flick, 2015). The open-ended questions, such as “*What do you believe is most important to succeed with an ICV unit?*”, invited the interviewees to share their personal opinions and reflections on different subjects. According to Flick (2015), such open-ended questions should be combined with some more focused questions that are more closely linked to the aim of the research. Since the research question was developed based on the initial literature review, the focused questions

were based on already identified key organizational factors contributing to the performance of ICV from the existing literature. For instance, the question “*How do you get resources (money/people) to explore new ideas?*” served as a focused question regarding autonomy. The interview guide was tested by having mock-up interviews with other students and teachers at NTNU School of Entrepreneurship before the actual interviews were conducted, to confirm that the questions were open-ended and that they made sense.

According to Eisenhardt (1989), adjusting the interview guide during data collection can help the researchers follow up on relevant and emergent themes. The authors therefore first conducted one or two interviews with employees from each case before they briefly analyzed the findings and reviewed the interview guide. Reviewing the interview guide allowed the authors to gain a better understanding of which questions provided value and which was unsuccessful to do so. Moreover, it made it possible to assure that all the questions in the guide had been answered by each case and to see if any new areas needed to be explored further in the next interviews.

3.4.2 Secondary Data Source: Documentation

Documents can confirm information collected in the interviews and play an important role in any data collection during case studies (Yin, 2009). According to Yin (2009), having multiple sources of data allows for data triangulation of the study. Triangulation is designed to narrow problems of construct validity, as multiple data sources provide multiple measures of the same case (Ridder, 2017).

In this thesis, the use of documentation has been limited to administrative documents, e-mail correspondence, internet-based information, and observations. The authors received several documents from representatives of the case companies, such as a PowerPoint presentation about the innovation processes at VG Lab, an innovation report from Storebrand and a webinar of innovation in system by Sprint Consulting recommended by an informant from Schibsted. In addition, the authors did searches on the internet to find reports and other documents that supplemented the findings from the interviews and provided the authors with general information about the parent companies. However, even though the authors used secondary data, it was the data from the interviews that provided the main findings for the study. The authors did not want to get too influenced by information about the cases from other sources

and were more interested in raw and honest statements directly from the ones working closely with, or within, the ICV units.

Observations, such as body language, pauses, and enthusiasm, were made by the authors both during the interviews and while viewing the recordings. According to Yin (2009), relevant behaviors and environmental conditions serve as another source of evidence in a case study. The authors for example observed that some of the informants were more passionate (talked faster and gestured more) when talking about particular topics, which indicated that they found these topics more interesting and significant than other topics. Observations were also made by the authors when they were invited to attend several digital innovation talks (InnovationWaffle) with Storebrand. During these talks, it was for example interesting to observe that many general employees from Storebrand were both present and enthusiastic, which indicates that Storebrand's measures to create an innovative culture in the company works.

3.5 Data Analysis

The data analysis started almost simultaneously as the data collection and was conducted continuously throughout the fieldwork, in line with Miles et al.'s (2014) recommendations. As mentioned in section 3.3.3, the authors iterated between analyzing the data from the first round of interviews, to revising the interview guide for collecting better data from the next interviews. The transcribed interviews resulted in 182 pages of text to be analyzed. Codes, displays, and reporting formats were used as tools to distill the pages of text into tables or figures and associated analytical text to help understand the interviewees' point of view (Miles et al., 2014). The authors used coding as a starting point to condensate the data and reflect about and interpret the data's meaning (Miles et al., 2014). A within-case analysis followed by a cross-case analysis was conducted as the foundational method of the qualitative analysis.

3.5.1 Coding Procedure

To structure the data, the analysis began by creating codes and coding the transcribed interviews, using the analytical tool Nvivo. The coding process was divided into two stages; *First Cycle coding* to initially summarize segments of data, and *Second Cycle coding* to search for patterns by grouping the summaries into fewer categories (Miles et al., 2014).

The First Cycle coding started with deductive coding, meaning the authors created a “start list” of codes based on key variables identified in the literature review (Miles et al., 2014). This was a natural starting point as the authors had developed most of the interview guide based on findings from the initial literature review. During the data collection, and when each author read all the transcribed interviews, additional codes were developed, as emerging fields of interest became evident from the interviews. This type of inductive coding is better grounded empirically and made sure the authors did not force-fit data into preexisting codes (Miles et al., 2014). After the authors had read all the transcribed interviews once, the interviews were re-read by each author, allowing them to potentially reconsider the initial coding. The authors then presented their proposed codes to each other, discussed, and decided on a common list of 39 First Cycle codes. The codes were used to categorize similar data chunks (statements from interviewees) to make it easier to quickly find, pull out, and cluster sections related to the research question (RQ) (Miles et al., 2014).

The Second Cycle codes emerged from a “map” created by the authors of the First Cycle codes, to look for relationships, causes/explanations, and unifying categories between the codes (Miles et al., 2014). The authors discussed and decided on a total of 10 Second Cycle codes; eight codes with data related to the RQ (evaluation system, autonomy, distance from the parent firm, type of innovation, team/human capital, compensation system, top management support, innovative culture), and two codes with data concerning background information about the cases that did not necessarily directly relate to the RQ, but were essential to fully understand the cases (background, process). The two latter Second Cycle codes were mainly used when writing the introduction to the parent companies (chapter 4) and for the within-case analysis (subchapter 5.1). The codes related to the RQ were to some degree used for the within-case analysis but were mainly used for the cross-case analysis. Nvivo served as an organizing tool that enabled the authors to collect all the data with the same code in separate folders, and sort the data based on what case it came from. This made it easy to look through all the findings related to each code when comparing the cases in the cross-case analysis.

Figure 3.2 is derived from Nvivo and illustrates the levels of occurrence (i.e., how much informants emphasized and brought the topic up) on the eight Second Cycle codes related to the RQ. The size of the boxes (codes) demonstrates how much the topic was brought up during the interviews, and the colors show the distribution of occurrences between the cases.

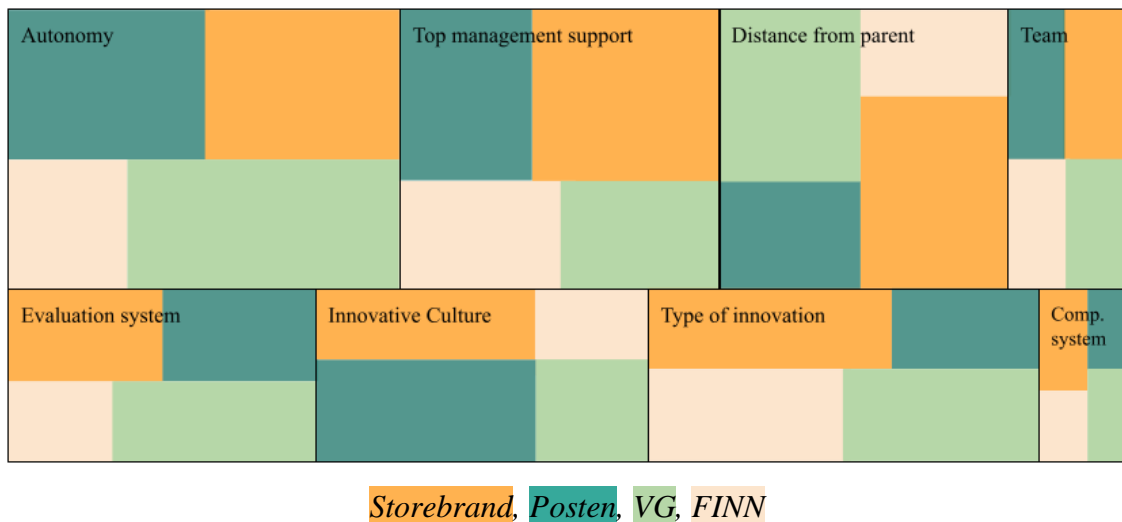


Figure 3.2: Level of occurrence of the Second Cycle code (related to RQ) - derived from Nvivo, but modified

To collect and remember reflections and observations that emerged during the coding process, the authors used “jotting” and “analytic memos” (Miles et al., 2014). The jotting was done making “nodes” to the coded sections in Nvivo. Analytical memos were made in a separate document where reflections and thinking processes about the data were noted. The authors conducted many interviews in a short period, it was, therefore, important to stop and reflect along the way.

An excerpt of the process of developing the First Cycle codes and the Second Cycle codes are illustrated in Figure 3.3 below, and the codes are summarized in Appendix 2. The codes laid the foundation for the within-case and cross-case analysis.

3.5.2 Within-Case Analysis

In the within-case analysis, the authors conducted a thorough case study write-up for each case, in the form of pure descriptions. These descriptions are the authors’ interpretations of, and the interviewees’ concrete suggestions regarding, how each ICV unit is organized and managed. The descriptions were made by analyzing and comparing every interview from each case, as well as looking at the supportive documentation to verify the findings. The findings were summarized, resulting in four elemental within-case analysis, one of each case. The within-case analysis allowed the authors to summarize and reduce the data to make it more understandable (Miles & Huberman, 1994). Moreover, it enabled them to understand the case individually, which allowed unique patterns of each case to emerge and did in turn accelerate the cross-case comparison (Eisenhardt, 1989). Not much emphasis was however placed on the within-case

analysis, as the spotlight should be devoted to a comprehensive cross-case analysis when doing multiple case studies (Yin, 2014).

3.5.3 Cross-Case Analysis

Following the within-case analysis, the authors conducted a cross-case analysis to systematically compare the collected data from the four cases. The idea behind the cross-case analysis was to force the authors to go beyond initial impressions through the use of structured and diverse lenses on the data (Eisenhardt, 1989). This was done to improve the likelihood of accurate and reliable findings and enhance the probability that the authors captured the novel findings which might exist in the data (Eisenhardt, 1989). The authors used the Second Cycle codes to look for similarities and differences among the cases through the lens of each category/code. Different types of displays were also used, such as mind maps and figures, to structure and condense the data and associated codes. This made it easier to draw conclusions, as well as verify and reflect on the patterns (Miles et al., 2014).

Three aggregated dimensions (referred to as themes) based on the Second Cycle codes were made, consisting of the most prominent findings from the interviews: (1) type of innovation and distance to parent company, (2) autonomy and evaluation system, and (3) top management support and innovative culture.

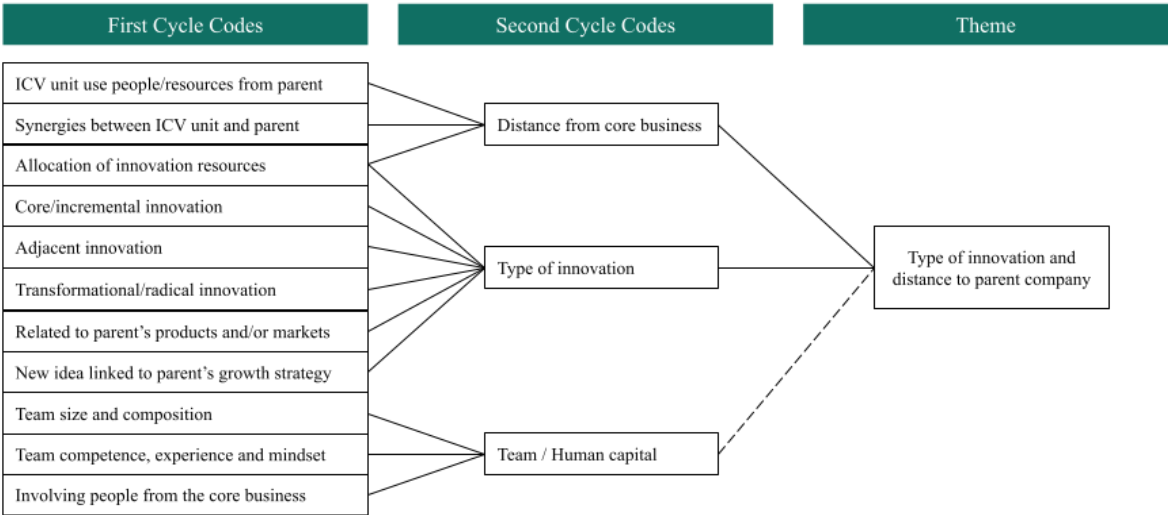


Figure 3.3: An excerpt of the codes and themes used in the data analysis

Figure 3.3. is an excerpt of the 39 First Cycle codes, 10 Second Cycle codes, and the three overall themes (see Appendix 2 for all the codes and themes). The three chosen themes are in

line with what the interviewees emphasized most during the interviews (see distribution in Figure 3.2) and serve as the foundation of the cross-case analysis in chapter 5.2.

The process of the complete data analysis is summarized in Figure 3.4:

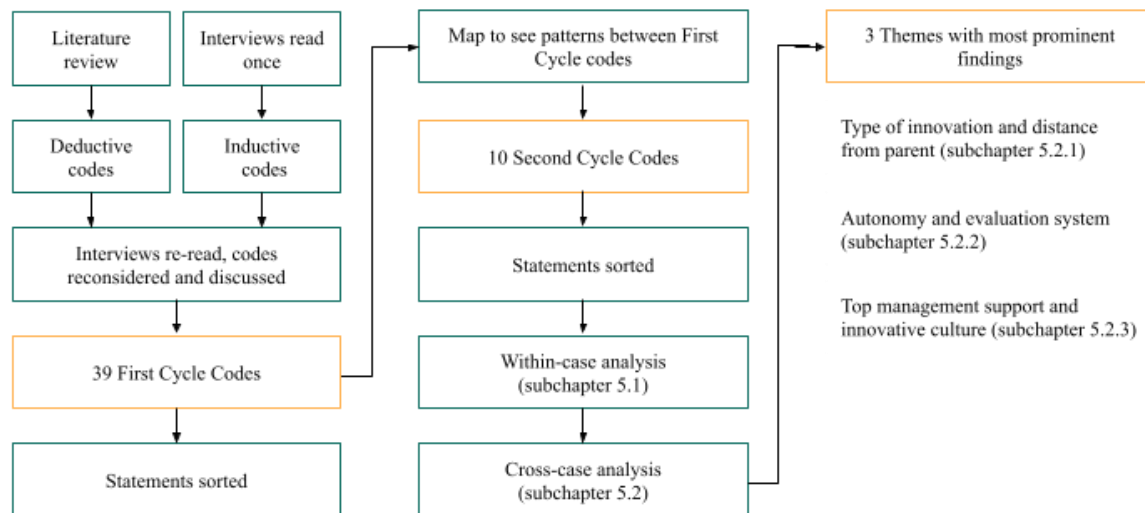


Figure 3.4: Process of analysis

3.6 Reflection of the Methodology

To assess the research quality of a study, one can evaluate its trustworthiness. To do so, the authors have chosen to discuss the credibility, transferability, dependability, and confirmability of the study as proposed by Lincoln and Guba (1985).

Credibility

Credibility means internal validity and is concerned with the aspect of truth-value (Lincoln & Guba, 1985). When designing a study, there are several strategies to increase its credibility (Korstjens & Moser, 2008). One effort that the authors implemented to increase the credibility of this study was the triangulation strategy, which refers to using different data sources, investigators, and methods of data collection (Korstjens & Moser, 2008). Data triangulation was included in the thesis by choosing interviewees from different levels of the parent companies as well as including secondary data in the study. By doing so, the authors gathered multiple viewpoints to both confirm and question the findings. Investigator triangulation was applied by involving all three authors to analyze individually without being influenced by each other and reduced the interpretation bias of the individual author.

Another effort implemented to increase the credibility of the study was “member check”, which involves sending back data, analytical categories, interpretations, and conclusions to the participants (Korstjens & Moser, 2008). This was done to establish whether the results of the research were believable from their perspective and to confirm that the participants’ perceptions and the researcher’s presentation corresponded (Halldorsson & Aastrup, 2003). To control this, the authors sent the first edition of the thesis to the participants to receive feedback on the findings. This provided the authors with even greater information and strengthened the data as the interviewees were able to verify or question statements and interpretations made by the researchers.

Transferability

Transferability explains to what degree the findings can apply to other contexts or settings than the one studied (Creswell & Poth, 2016). Generalization across context holds little meaning in a qualitative study (Creswell & Poth, 2016), and transferability is therefore not that relevant for this study. Nevertheless, the insights extracted from data in one context can be relevant in other contexts. However, if one is to use the results from this study in another setting, it is essential to understand the original context of findings (Erlandson et al., 1993).

Dependability

Dependability involves making sure that the findings are consistent and can be repeated by other researchers (Bryman & Bell, 2011). According to Bryman and Bell (2011), this is a difficult criterion to meet when conducting qualitative research because social settings and circumstances change over time. However, there are several ways to strengthen the study’s dependability. The authors aimed to increase the dependability of the study by including an interview guide and thoroughly elaborating the chosen research methods. However, it is important to keep in mind that the authors reviewed and slightly changed the guide after some interviews and that not all questions were asked to every informant due to lack of time.

Confirmability

Confirmability concerns the aspect of neutrality (Lincoln and Guba, 1985), meaning the interpretation should not be based on the authors’ preferences and viewpoints but needs to arise from the data. Complete objectivity is however impossible in business research (Bryman & Bell, 2011). To minimize the risk of subjectivity, the authors maintained a theoretical focus

throughout the study while trying to let the data guide them, and not include their viewpoints other than in the discussion chapter. The authors also designed the interview guide as a tool to avoid leading and biased questions during the interviews.

3.7 Limitations of the Methodology

Limitations and weaknesses of the research method applied must be considered as potential influential factors of this study's outcome and are presented below.

Limitations regarding semi-structured interviews and documentation:

- There is always a risk that the interviewees might answer what they expect that the researchers want to hear.
- The authors might have missed out on crucial information because they prioritized asking questions from the interview guide rather than to freely explore what the interviewees talked about, and due to the limited time of the interviews (between 30 minutes to 1 hour). The quality of the data collected was dependent on the authors' ability to mediate between what the interviewee stated, and the questions and topics of interest (Flick, 2015).
- When categorizing the collected data, there is a risk that the authors aimed at making the findings fit with existing theories, rather than freely explore the actual meanings collected from the interviews (Flick, 2015).
- The use of more secondary data sources could have increased the authors' understanding of the phenomena and provided a better confirmation of information collected in the interview. Furthermore, the type and quantity of documentation from each case varied and a more systematic approach to the collection of the secondary data could have improved the foundation for the analysis.

Limitations with regards to the case studies:

- Four cases may be considered a small selection, and more cases would have provided a broader foundation of comparison. Similarities across the cases do not make for a generalization of the findings but can serve as an inspiration for other firms wanting to engage in ICV.
- When choosing the cases, selection bias might have appeared. Selection bias is considered one of the biggest challenges when conducting multiple case studies and

involves the selection of cases based upon their availability, rather than their appropriateness to the study (Yamashita & Moonen, 2014).

- A case study should take place in the natural (work) setting of the interviewee because then you are creating the opportunity for direct observations (Yin, 2009). The interviews took place digitally and the participants worked from home (not their natural working setting). Nevertheless, the participants have worked from home for around a year due to the Coronavirus, and home offices may thus qualify as their natural work environment.

General limitations related to the chosen methodology:

- When presenting organizational factors that influence the performance of ICV, the authors have included information from articles writing about CV in general (some articles do not specify whether it describes internal or external CV), which might have contributed to the authors applying some factors concerning external CV in the theoretical foundation (chapter 2).
- Moreover, it is discovered that some researchers that describe success factors for ICV refer to other researchers who describe success factors for external CV. For instance, Hill and Georgoulas (2016), writing exclusively about internal CV, and refer to findings from Hill et al. (2009) who write exclusively about external CV). This indicates that the literature is not specific enough regarding what CV mode they are writing about, and misinterpretations are likely to appear. The authors may have made the same mistake as other researchers or been influenced by other researcher's misinterpretations in the theoretical foundation (chapter 2).
- The authors have included an elaboration of the chosen research method to increase the dependability of the study so that it can be repeated by other researchers, but the actual process has not been as linear as presented. It therefore might be difficult to replicate the exact process of the authors.

Taking these limitations into consideration, the authors still believe that the thesis can be of value to practitioners, extend the existing literature and provide the field of internal corporate venturing with qualitative empirical data for further research and analysis.

4 Introduction to Case Companies

This chapter contains an introduction to the selected case companies. The information presented is a mix of general facts found on the companies' web page and similar, and information gathered during the interviews. To understand two of the case companies (FINN and VG) better, an introduction of their umbrella company, Schibsted, is also presented. Schibsted does not classify as a case company for this study, but their story is interesting and relevant as VG and FINN are direct results of Schibsted's internal corporate venturing (ICV) initiatives.

The case companies are presented to understand the author's rationale for considering them as having succeeded with innovation, and why they were chosen for this study. Also, it is essential to see the ICV unit in the context of the parent company as there is a strong connection between the two. Lastly, this chapter will help understand how the case companies are different, and therefore why the ICV units might differ.

4.1 Posten

Posten is a Nordic postal and logistics group. The company has been ranked among the most innovative companies in Norway by Innomag for the past three years. The jury emphasized the many concrete initiatives the customers already can see the effect of, like self-driving postal robots, delivery of post inside your home, and several postal and package machines (Posten Norge, 2019). Furthermore, Posten has been recognized for innovations such as a system that can read handwritten addresses faster and more accurately than any other system in the world, and for their innovation methodology "Helix" (O.Fonstad, 2020).

The company has been operating for 374 years and started with solutions within postal services in Norway. Even though new technology, like the telegraph, radio, fax, and phones, were introduced to the industry over the years, the mail volumes kept increasing and Posten could therefore continue with their focus on postal services for 350 years. However, when the internet came, people started sending emails and using other forms of communication tools, and the postal market was disrupted. This led to a significant drop in the mail volumes, which forced Posten to readjust in 2008. They transformed to become a logistics company (not just post) and entered several other markets in the Nordics. Today, only 30% of Posten's turnover comes from post, and 70% comes from logistics in the Nordic countries. To stay relevant in the future,

Posten is certain that they need to keep readjusting and transforming their company, and therefore corporate innovation is such an important area for them.

Five years ago, they decided that they had to further increase their focus on innovation and started the unit *Digital Innovation*. Other divisions within Posten work with specific business areas and often have business developers working with incremental innovation, while Digital Innovation is a unit that works across the divisions in the company to further boost the innovative work. Digital Innovation is divided into three departments: *Data Science*, *New Technology* and *User experience and Concept Development*. The latter serves as an ICV unit and is one of the selected cases the authors have researched in this thesis.

4.2 Storebrand

Storebrand is a leading player in the Nordic market for long-term savings and insurance and manages more than NOK 965 billion, which makes it Norway's largest asset manager (Storebrand, n.d.). They have been operative for 254 years, and today they offer pension, savings, insurance, and banking products to businesses, public enterprises, and private individuals. Furthermore, Storebrand was the first to start with sustainability on the investment side in Norway, and their innovation internship is one of the leading internships in the country for students.

Storebrand was initially a company with a paper-driven value chain and big corporate customers but was forced to transform and digitize their processes when digitalization and fintech entered the financial industry in 2010. Moreover, they needed to transform from approaching corporate customers to approaching consumers when the pension reform came in 2011 and they saw that the pension market would become more personalized. To increase their focus on innovation and technology they started the division *Digital & Innovation* in 2019. The purpose was to gather the different IT and innovation resources in the organization to work smarter and more efficiently, and hence achieve more. The division has a flatter structure than the rest of the company, which gives the benefit of a higher degree of mobility where employees can be moved around and placed in interdisciplinary teams where they are needed.

Digital & Innovation's responsibility is both to manage and improve Storebrand's current digital solutions, and to serve as a facilitator, catalysator, and incubator for new ideas within

the company. The unit *New Business Opportunities* within Digital & Innovation oversees the latter and serves as an ICV unit and is a selected case in this thesis.

4.3 Schibsted

Schibsted is a Norwegian-based international media group with roots dating back to 1839. The group has an extensive business in newspapers, multimedia, and mobile services, and is Norway's largest, and one of the Nordic region's leading, media companies (Garvik, 2020). It consists of three business areas; (1) *News Media*, including the newspapers Aftenposten and VG, (2) *Next*, which invests in, and has a portfolio of smaller companies, and (3) *Nordic Marketplaces*, which consist of all Schibsted's marketplaces in the Nordic, where FINN is the biggest subsidiary.

Schibsted can be described as a legend in the international newspaper community after having made a successful transformation from print to digital, and the company has garnered a lot of attention for its series of innovations in the newspaper business. When the world wide web came in 1994, it posed a significant new threat to newspaper organizations as many users began to turn to online sites as the primary source for their news. While most printed papers struggled to react to the online news threat, Schibsted's top management realized that they had to make a change and they therefore started new online initiatives (Anand & Hood, 2007).

All their new online initiatives were built up outside the original newspapers because they realized that you cannot defend and attack at the same time (The Economist, 2006). Several of these initiatives have today grown to become big, independent companies that operate separately from Schibsted as a parent company but exploit the benefits of being part of a big group with an innovative culture. Two of them are FINN and VG. Since the two companies are under the Schibsted group, the authors have included information from interviewees in Schibsted when presenting findings of FINN and VG in the next chapter (5 Findings & Analysis).

4.4 FINN

FINN was founded in 2002 and is today Norway's biggest online marketplace for real estate, recruitment, automotive, and other classified ads. Several interviewees from Schibsted pointed out FINN as the most mature company in the group when it comes to innovation.

People used to look for houses, jobs, and cars in classified ads listed in the printed newspapers before online marketplaces took over. Schibsted's top management understood that if they were going to take a position online, they could not be afraid of losing their main business (printed newspapers) but had to strike the right balance between 'learning, forgetting, and borrowing'. They had to develop a learning culture in FINN to pick up on new things that are vital for staying in the game. This is difficult in a traditional business where the mindset often is 'this is the way we've always done it'. At the same time, you want to borrow all the assets that have any value for the new venture, for example, customer relationships and brand value (Anand & Hood, 2007).

Schibsted built FINN by hiring young people from outside the print newspapers such as one of the leading real estate brokers to oversee the real estate section, one of the best headhunters to lead the job site, and so on. They created a culture much like a start-up company's, where they invested a lot of money into product development (to build a better product than their competitors), and organized it differently than, and unbundled from, the print operation (Anand & Hood, 2007).

Today, FINN works according to the "CAN model" where they allocate the innovation resources in the company to FINN's *Core* business, *Adjacent* projects, and *New* projects. The core business is constantly working with *core* innovation initiatives, by making small improvements to existing products. Some core business employees are also working with *Adjacent* projects, which are innovations that are a little more radical than incremental improvements, but still are very connected to what they are already doing. Moreover, they have a separate unit called *New*, with employees that looks at trends, and focuses on things that are further away from FINN's core business. This unit is called *Future Nordic Marketplaces* and is dedicated to developing new growth opportunities for the company by exploring radical innovations. It qualifies as an ICV unit and is a selected case which the authors have researched further in this thesis.

4.5 VG

VG is a Norwegian newspaper that was established by a group of resistance veterans during World War II when German occupying powers took over Aftenposten's (Norway's largest newspaper) printing operations and forced other newspapers out of business. VG was later (in 1996) acquired by Aftenposten's owners, Schibsted. The newspapers remained independent competitors, cooperating only in technical matters (Anand & Hood, 2007), and VG is today Norway's largest newspaper in terms of numbers of readers (Eide, 2020).

It was crucial for Schibsted's top management to separate VG from Aftenposten since separation made them competitive. VG was able to build their own separate culture, and they had to manage on their own to survive - even though they knew that their umbrella company (Schibsted) was strong and had resources to help them. Aftenposten and VG were two very different organizations in operations and culture; Aftenposten was bureaucratic and slow, while VG on the other hand was lean, mean, and very fast (Anand & Hood, 2007) - and still is to this day. VG facilitates the innovation resources in the company by using the CAN model, the same way as FINN.

The entire company is engaged in incremental innovation, while the unit *VG Lab* is responsible for the radical innovation in VG. VG Lab serves as an ICV unit and is a selected case in this thesis.

5 Findings and Analysis

This chapter presents the most prominent findings from the conducted interviews with employees and managers of the ICV units, and other relevant employees from the case companies. The findings are presented with both descriptive interpretations made by the authors, and supportive quotes from the interviewees. The authors have modified some of the quotes from the interviewees in the translation from Norwegian to English, to bring forth the meaning. As mentioned in chapter 3, secondary data has been used to support and/or verify the findings from the interviews.

The data analysis contains a within-case analysis and a cross-case analysis with the purpose of presenting information about how the case companies manage and organize their ICV units. As described in 3.5.1, the Second Cycle codes with data related to the RQ were mainly used for the cross-case analysis. The two additional Second Cycle codes with data concerning background information about the cases were mainly used to introduce the case companies (chapter 4) and for the within-case analysis. The emphasis is placed on the cross-case analysis, presenting commonalities and differences among the cases. The cases are named according to the suggestions in table 5.1 throughout the thesis.

Table 5.1: Overview of the case companies' ICV unit and the term used

Company	ICV unit name	Name used in text
Posten	User experience and Concept Development	Posten's ICV unit
Storebrand	New Business Opportunities	Storebrand's ICV unit
FINN	Future Nordic Marketplaces	FINN's ICV unit
VG	VG Lab	VG's ICV unit

5.1 Within-Case Analysis: Describing Each Case

The overall idea with the within-case analysis was to become intimately familiar with each case as a stand-alone entity. This allowed the unique patterns of each case to emerge before the authors analyzed patterns across the cases (Eisenhardt, 1985). The analysis first presents a brief description of each case; its purpose and goals, its employees, and the process of developing new businesses. Second, a summary of the key factors that affect the success of the unit are presented - supported with direct quotes from the informants regarding what they believe is most important to succeed with internal corporate venturing (ICV).

5.1.1 Case 1: Posten's ICV Unit - User Experience & Concept Development

Posten's ICV unit, *User Experience & Concept Development*, is placed within the *Digital Innovation* department of Posten. The ICV unit consists of 15 business developers and 15 UX-designers. The purpose of the unit is to create a professional environment with cutting edge competence within innovation methodology that can facilitate innovation throughout Posten and find new business models and markets that the company can enter. The main goal of the unit is to create a common innovation culture within the parent company and ensure that Posten is considered to be Norway's most innovative company. "The ICV unit has succeeded when Posten is recognized as Norway's most innovative company," said the head of Digital Innovation.

The employees in the ICV unit spend 80% of their time working as internal innovation consultants within the different divisions in Posten, where they facilitate incremental innovation by working together with people from the core business. The remaining 20% of their time is spent on radical innovation where the unit has their own resources and budgets and works more separately from the employees in the core business. Posten's radical projects aim at creating new growth opportunities ("new legs") and are initiatives that are not necessarily related to the core business but at the same time are often somewhat connected to what they are already doing today.

For the radical projects, a cross-functional and small team (3-5 people) is put together and works for four weeks investigating concrete hypotheses. The team then presents their findings to the head of Digital Innovation and his boss, who decides if the idea should be further investigated for four more weeks or ended. When the team investigates the new idea, they use a specific methodology called *Helix*. *Helix* includes three phases; *explore* (understand needs, possibilities and market potential), *create* (test customer value and market potential through practical experience), and *implement* (develop, use and continuously improve service to realize value). If the new business seems promising, it is reintegrated into an existing division in Posten where it is scaled up and launched.

5.1.2 Case 2: Storebrand's ICV Unit - New Business Opportunities

Storebrand's ICV unit, *New Business Opportunities*, is placed within the department *Digital & Innovation* in Storebrand. The unit consists of six people: one head of innovation, four business

developers, and one designer. The purpose of the department is to have a place to anchor innovation methodology and practice and to have an arena for innovation that can inspire and foster an innovative culture throughout the parent company. *“The unit serves as a center of excellence with competence within innovation methodology, and assures that the innovation system is maintained,”* said the Chief Innovation Officer.

The employees within the unit work both as internal innovation consultants in the existing operating divisions in Storebrand, and to some degree with new businesses that do not necessarily have a natural home elsewhere in the organization. The innovation strategy is connected to Storebrand’s growth strategy, which is to grow within the markets they are currently in. They therefore work closely with the core business, pursuing mostly incremental and adjacent innovation (see definitions in Table 0.1). However, as the financial industry is going through a digital transformation, innovation on the core business can be seen as radical itself.

When starting a new initiative, the ICV unit is either approached by people from the core business that needs their assistance and competence for the problem areas they are working with, or the ICV unit pitches new ideas to the product managers to convince them to join a new project. To streamline the work with innovation and find the “innovation sweet spot”, the department has developed an innovation process based on *desirability* (is it a customer need? - talking to customers and doing market research), *viability* (is it possible to earn money or reduce costs with it?), and *feasibility* (can and should Storebrand *build* this themselves, *buy* a company or startup to do it, or *partner* with someone?). If the new initiatives are promising, the results are integrated into existing divisions.

5.1.3 Case 3: FINN’s ICV Unit - Future Nordic Marketplaces

FINN’s ICV unit, *Future Nordic Marketplaces*, is placed within the strategy department of FINN and consists of six business developers. The unit was started because FINN had a hard time prioritizing completely new areas because their existing business already did so well. They still realized that they had to work on finding new sources of income for the future, and so the unit was developed. *“We have an ambition to make FINN a growth company for the future, and therefore we needed to start working on finding solutions that can create income in the future. That’s the reason the unit was started,”* said the head of the ICV unit. The unit is also

responsible for FINN being perceived as innovative externally. The employees within the unit look at trends and focus on things that are further away from FINN's core business. They work with radical innovation, which for them means either new technology, a new customer group, or a mix of the two, and their mission is to build the "next new thing" for FINN.

An interdisciplinary team of often 10-12 people is put together and has three months to research and test an idea before they have to pitch it to the innovation board, which is a decision group with representatives from the top management. The employees from the ICV unit take turns working on projects, and people from other departments of the organization (designers, salespeople, etc.) are usually "borrowed" to work on projects full time. The innovation board decides whether the project should get more resources (people/money) - if they do, the team continues for another three months before a new pitch is required. If the board says no to more resources, they have to shut down the project and start exploring a new idea. An idea goes through three phases; *discovery* (explore and test the idea for three months), *nail it* (create a solution and launch the new business), and *scale it* (choose scale strategy and get traction). If the idea makes it to the last stage, they have to decide how to scale it, where they either *buy* a company or startup to do it, *partner* with one, or *build* the solution themselves. The unit aims to create independent new ventures.

5.1.4 Case 4: VG's ICV Unit - VG Lab

VG's ICV unit, *VG Lab*, is a department within VG rigged as a separate and independent company. The unit consists of five software developers and the unit's leader. The purpose of the unit is to be a laboratory for experimentation, testing, and scaling of new ideas that can live independently from VG's existing business models. The employees work on building VG's future income, focusing on radical and adjacent innovation. "*The mandate of VG Lab is to create new sources of revenue for VG,*" said a manager from VG. The employees in the unit work quite separately from the rest of the organization and use the power VG has to reach new customers as a starting point, and try to build new services based on that.

The ICV unit usually has the resources to develop the new businesses/ideas themselves, but they also "borrow" business developers from VG's business developing team to increase their capacity. The unit is extremely lean in their work (used 2,5 days building their fastest project, and 3 months on the longest), and they prioritize being fast over having a perfect product before

launching. They do have a six-step process that projects are supposed to follow, including experimenting, and building a quick MVP, making a business case, launching, and tweaking to optimize the service. However, they do not follow this process strictly. When launching/scaling the new businesses, they sometimes go into partnerships with others or buy start-ups that develop the service for them.

5.1.5 Key Factors Influencing the ICV Units' Success

This section presents key factors which might be part of the reason why the four cases have succeeded with ICV. The factors presented are a combination of direct and concrete suggestions on what the interviewees regard as important for their success and other descriptive factors of how the unit is operated and organized. It is difficult to point out exactly why and how the selected parent companies have succeeded with the ICV unit, but these points are facets of the cases that the interviewees have described, and the authors hence have reason to believe that a combination of these factors has contributed to their success. At the bottom of each case, direct quotes of representatives from the cases regarding what they believe are the most important factors for an ICV to succeed are presented. The factors, and the possible effect of them, are further elaborated on in the cross-case analysis in section 5.2.

Case 1: Posten's ICV unit

- Cross-functional and small teams are put together to work with concrete hypotheses for four weeks using a specific model (Helix)
- For incremental innovation initiatives, they work closely with the people from the core business throughout the innovation process
- For radical innovation initiatives they work more separate from the core business departments and have their own budget and resources, but they involve people from the division where the idea will end up as the idea evolves
- The top management team decides what areas or business models the unit should focus on, and the team working on the idea decides how the problems should be solved
- The ICV teams report to the top management every fourth week for a go/no go decision regarding if the new business should be devoted more resources

- The head of Digital Innovation keeps close contact with the teams so that decisions can be made along the way (within the four weeks)
- Business developers experience that they have a great deal of freedom and leeway, and they are a part of setting the unit's objectives and key results
- The employees in the unit experience that the top management team is supportive of the unit
- Posten have developed arenas where employees in the unit meet other employees working with innovation to learn from each other
- Concrete measures are implemented to build an innovative culture throughout the parent company
- Focus on recruiting people with experience from working in interdisciplinary teams and with start-ups

What do you believe is most important to succeed with an ICV unit?

- *Money, resources, and anchoring within the top management are essential to reach our goals.*
- *The teams must get backing from us in the top management, to make them believe that they can challenge the existing solutions.*
- *It is crucial that we are allowed to try and fail and jump into things.*
- *I believe it's all about the degree of autonomy. That there are 100% dedicated employees that are allowed to work as a team and have the mandate to make decisions.*

Case 2: Storebrand's ICV unit

- Cross-functional teams with people from the ICV unit and employees from the core business work on new initiatives
- The unit follows a specific process when working with new businesses and have a highly structured approach to innovation
- With input from the top management, the ICV unit decides what areas and business models they should be working on
- The business developers experience that they have a great amount of trust and freedom to explore different solutions, and they are a part of setting the unit's strategy, goals, and milestones

- The unit has a fixed amount of resources (money/people) so that they can work on initiatives without asking for permission. They can go to an investment board consisting of people from the management if they need more resources
- The business developers experience that the top management is increasingly supporting their work
- There is a focus on team building within the unit to create psychological safety amongst the employees
- Both top management and the unit is focusing on building an innovative culture throughout the parent company
- There is a focus on recruiting people with different backgrounds that have both commitment and energy, and perseverance over time

What do you believe is most important to succeed with an ICV unit?

- *It is really important that you have some sort of mentor or sponsor in the top management that stands in the war with you.*
- *It is super important with a defined growth strategy where innovation is placed within that strategy to get a clear sense of ownership from the top management.*
- *It is crucial that we have psychological safety within the unit, and that we experience that it is the effort you put in and not the results that define if you have done a good job or not.*
- *I think the people you put in such units are important in themselves since it is a really challenging job.*

Case 3: FINN's ICV unit

- A cross-functional team with employees from the ICV unit and the core business work full-time with a project, quite separate from the rest of the organization during the project period
- New ideas go through three stages, but the teams have a great amount of freedom to decide how to conduct the work within the stages
- Project teams working with a new business meets an innovation board every three months for a go/no go decision regarding if more resources should be devoted to the project

- The unit does not need permission from top management to test and enter partnerships during the three months, top management wants them to experiment more and not ask that much for permission
- Employees in the unit experience that top management is very supportive, involved, and interested in the unit's work
- Five (out of six) business developers in the unit have not worked within FINN previously, this is essential to get a "new" mindset
- There is a focus on recruiting people that is comfortable with the high degree of uncertainty associated with creating new businesses
- The unit focus on FINN being perceived as innovative externally
- The unit uses FINN's front page and customer base as an important asset when testing and launching new products/services

What do you believe is most important to succeed with an ICV unit?

- *The most important is definitely freedom and support from top management.*
- *It is extremely important that the top management is involved in the innovation work. It is also essential that we explain the rationale behind what we are working on to the top management since we cannot report on the big incomes (yet).*
- *It is very important to have a multidisciplinary team that can sit and work together during the project period.*

Case 4: VG's ICV unit

- Small team, mostly software developers and one or two business developers, work independently from the rest of the organization on new ideas with their own resources
- The unit "borrows" people from VG when in need of special competence
- The unit has the freedom of a start-up to come up with, build and launch their own new businesses
- When a project is about to be scaled up and they need help or resources, they go to a steering group (consisting of management from Schibsted and VG)
- They have a specific process new ideas should go through, but do not have a structured approach to innovation (they do not need to follow the process)
- There is a culture of doing things fast, rather than spend much time planning
- Employees in the unit experience that they have the freedom to experiment and test

- The unit has a free mandate from the CEO of VG who backs them 100% and anchors the innovation work they do throughout the organization
- The people in the unit are a mix of experts and start-up types; fearless, independent and work well in teams
- The unit use VG's front page and customer base as an important asset when testing and launching new products/services

What do you believe is most important to succeed with an ICV unit?

- *The most important thing is having freedom. Having the opportunity to act fast and quickly to get to a solution.*
 - *To be given a mandate from the top management so that we are allowed to run with what we believe is best.*
 - *It is essential that the unit has its own dedicated resources so that you do not need to wait for resources from other departments in the organization.*
 - *The unit must be separated from the rest of the organization so we can work independently with our own mandate to create new revenue streams for VG.*
-

By conducting a within-case analysis, the authors got both an overview and in-depth knowledge of each firm and their belonging ICV unit. During the within-case analysis, data collected from the interviews was sorted, summarized, and reduced to their component parts - making the large and complicated data understandable (Miles & Huberman, 1994). Information about each parent company and their respective ICV unit from the within-case analysis laid the foundation of the cross-case analysis as it became easier to map out similarities and differences between the cases.

5.2 Cross-Case Analysis: Seeking Commonalities and Differences

The cross-case analysis presents commonalities and differences between the cases, regarding which organizational factors that influence how the parent firm should organize and manage its internal corporate venturing (ICV) unit. To go beyond initial impressions of the data and systematically compare the four cases, the authors used structured and diverse lenses on the data (Eisenhardt, 1989). As described in subchapter 3.4, the authors looked for similarities and differences among the cases through the lens of each Second Cycle code. During the analysis,

three aggregate themes from the Second Cycle codes (consisting of the most prominent findings) were discovered; (1) type of innovation and distance from the parent company, (2) autonomy and evaluations system, and (3) top management support and innovative culture. The findings and analysis of these themes are presented below.

The following subchapters consist of both descriptive interpretations made by the authors, and supportive statements from the interviewees for each case within each theme. As illustrated in Figure 3.2, some topics were more discussed by informants in some cases (such as innovative culture). The cases that did not elaborate on a specific topic, or did not have a clear opinion, are therefore not mentioned in the findings regarding that particular topic. Moreover, it is worth mentioning that the themes are highly related to each other, especially *distance from the parent company*, and *autonomy*.

5.2.1 Type of Innovation and Distance from Parent Company

In this section, the empirical findings regarding what type of innovation the ICV unit seeks to pursue and the importance of allocating resources for both radical and incremental innovation will be compared and elaborated on. The analysis implies that the allocation of innovation resources is closely connected to whether the ICV unit should be separated or integrated with the parent company, and findings regarding this will therefore also be presented. Moreover, the type of innovation also shares similarities with relatedness (as mentioned in 2.5.3), but when discussing this factor with the interviewees most of them highlighted their focus on the type of innovation (incremental/adjacent/radical). Therefore, findings regarding relatedness are only included to a certain extent.

Type of innovation

The chosen cases differ in what type of innovation they seek to pursue, and how this is related to the rest of the parent companies' innovation efforts. Posten's ICV unit has split the focus to both incremental (80%) and radical innovation (20%). An example of a radical project, which is currently being explored by the ICV unit, is a rental service of sports equipment to consumers. This is very different from what Posten is already doing, but they can take advantage of their competence within logistics. Another radical innovation initiative by Posten is package delivery inside people's homes, where they explored a completely new way of delivering packages. This is related to what the company is already doing but is seen as radical innovation as it

significantly changes how they are delivering packages today. A manager from Posten highlighted the importance of allocating resources for radical innovation, suggesting that most companies have obligations regarding profitability, and it is therefore easy to implement cost-saving measures rather than risky radical projects. Another manager from Posten underscored this by saying that *“If we hadn't set aside 20% of the resources and had our own budget for radical projects it would have been hard to prioritize.”*

As mentioned in the presentation of the case companies (chapter 4), both FINN and VG use what they call “the CAN-model” to make sure that a certain percentage of the innovation resources is dedicated to new initiatives and to prevent all the resources from going to the core business. The CAN model ensures that there is a distribution where approximately 70% of the parent companies’ innovation resources are used on incremental innovation, 20% on *adjacent* innovation projects, and 10% on completely *new* ideas (see definitions in Table 0.1). The ICV unit in both VG and FINN oversees the 10% and is hence almost exclusively focusing on radical innovation that does not necessarily have anything to do with the parent companies’ core business. For instance, VG is currently launching an app to make it easier for electric car owners to find chargers, and FINN is launching a car subscription service. Both initiatives are very different from the parent companies’ core business, but they can take advantage of their existing competence within software development and their customer bases.

Schibsted (including FINN and VG) uses the CAN model for several of their subsidiaries because, similar to Posten, they recognize the difficulty of prioritizing new things if resources are not deliberately chosen to be spent on new initiatives. A manager from Schibsted further emphasized the importance of allocating a given amount of resources for radical projects; *“It is a great way to force us to invest more resources in things that are different from our core business.”* Similarly, a business developer in VG said that if you do not allocate a given amount of resources for new initiatives, you have to constantly balance the core business’s existing goals with new initiatives. She explained that this type of balancing is a problem because *“It is hard to convince managers that resources should be spent on something new and unknown when we do not know the margins of it. Why go from something safe to something uncertain?”* A manager from Schibsted underscored the importance of this saying that *“The ICV unit and the core business have separate money bags, because if not it becomes a priority discussion where it is impossible for the new initiatives to win.”* He explained that by separating resources for radical innovation you avoid the classic trap that many big companies fall into, namely that

all resources go to innovation on the core business because gravity will always go towards the existing business.

Storebrand's ICV unit previously worked mostly with new markets (radical innovation), but now the unit focuses on incremental and adjacent innovation. An informant explained that *"In our innovation strategy that we updated this fall, we underscored that we will not work that much with the transformative and disruptive dimension that is further away from our core business. We will work with innovations related to the core business."* The main reason for the change was that the innovation work now intends to be more closely tied to the growth strategy of Storebrand, which is to grow within the markets they are already in. Furthermore, the head of Digital & Innovation underscored that there were some problems with having focus on opportunities outside the core business. First, it is limited how many new radical initiatives Storebrand can hold, due to limitations in budgets and resources. Second, financial services are going through major changes, a consequence of this is that they need to focus innovation on the core business to ensure that Storebrand is robust for the future. *"It doesn't help that we look for exciting new initiatives if the core business is outdated and does not keep up with the development,"* said the head of Digital & Innovation in Storebrand. The Chief Innovation Officer further stated that since the financial industry is going through a digital transformation, innovation on the core business is almost radical in itself (as they have to significantly transform the way they are doing it today). Therefore, one can argue that the initiatives the unit is pursuing are radical while at the same time being related to the core business. However, since most of the informants from Storebrand emphasized that their innovation initiatives currently can be seen as incremental and adjacent, this is what the authors have assumed further in the analysis.

As mentioned, one reason Storebrand does not prioritize radical projects is limitations in resources and budgets. This indicates that if they had more resources in the ICV unit they might also have had a focus on allocating some of them to radical projects. A former Vice President of Schibsted however argues that limited resources is not an "excuse" and that companies should set aside some resources for radical projects. *"Both types of innovation (incremental and radical) are important, but especially if you are in an industry that is being disrupted. Then it is not enough to just do incremental improvement,"* he said.

Separating, versus integrating, the ICV unit

The empirical findings imply that the type of innovation the unit pursues affects how separated or integrated the ICV unit should be from the parent firm. The findings indicate that whether the ICV unit is separated or integrated concerns the degree to which the unit operates independently of the parent company, meaning, whether they include people and/or are dependent on resources from the core business when working with the new businesses, or not. Further, the findings show that the units that are separated aim to spin out independent ventures (spin-offs), while the integrated units aim to integrate the new businesses into the parent corporation.

As mentioned, Storebrand's ICV unit previously worked with radical ideas and new markets, and the unit was separated from the core business. A business developer in Storebrand explained that *"Previously, we worked quite isolated from the existing business, sort of like a satellite-team on the side."* Since their focus now is on incremental and adjacent innovation, they however find it essential to be integrated with the core business by working closely with the people from the operating divisions. This is because the results from the innovation processes are in turn integrated into existing divisions in Storebrand. Including people from these divisions when working with a new initiative is therefore critical. A business developer in Storebrand stated that *"It is essential to involve people from the product teams at an early phase to avoid the 'not invented here syndrome'."* With that being said, another business developer in Storebrand said that one of the greatest challenges of the unit is to get the employees in the other departments to work with them on new initiatives. She stated that *"Our initiatives are often perceived as a side project for them, as they have their own objectives and key results. Their pipeline is also often quite full, which makes it challenging to squeeze in time to work exploratory."* She implies that involving the people from the core business requires some effort and time from the ICV unit as they need to pitch/sell their ideas to get other employees to join them and by so realizing the project. In other words, being dependent on people from the core business can present challenges.

For Posten's incremental projects the employees in the ICV unit work closely with the core business from the beginning, and can similar to Storebrand be seen as highly integrated for this type of innovation initiatives. On the other hand, for the radical projects, they find it necessary to be more separate from the core business, meaning they work more on their own from the start and have their own budgets. However, the results from the radical projects are also

integrated into existing divisions, and so they make sure to include people from the operating divisions as the radical idea evolves. This is to ensure a smooth transition from Posten's ICV unit to the division that will be scaling it up.

The head of FINN's ICV unit stated that it is important that the unit is separated from the core business, with its own resources dedicated to radical projects. This ensures that the unit is not dependent on the same resources as the core business, making them able to work much faster. Every third month the management team decides what resources should be devoted to the unit's radical projects. The employees that are supposed to work with a radical project are then separated from the rest of the parent company by being placed within the unit during the project period of developing the new initiative. A former Vice President in Schibsted argued that if you have a finished product, the task is to deliver it efficiently, and what it takes to deliver something efficiently is very different from what it takes to create a brand-new product and/or business model. Therefore, you need to put the employees working on the new initiative in a completely different environment, separated from the core business. He explained that the employees *"need to be freed from their daily routine. You need to lift them out, since they need to be inspired to think new."*

VG's ICV unit is also separate from the core business but different from FINN, the unit usually possesses all the resources they need to make new services on their own, and if they need additional resources, it is easy for them to get a hold of it. They can for example borrow business developers from VG's business development team to increase their capacity. The head of the unit stated that *"We are independent of VG, which in practice means that we are building services and platforms like any other startup."* A business developer in VG said that if you are not separate, you must constantly balance the core business's existing goals with new initiatives. Moreover, similar to FINN's arguments, being a separate unit prevents them from ending up in a priority competition about resources in the parent company. As mentioned in the section above about the type of innovation, this is why both VG and FINN have allocated a set amount of resources to radical projects through the CAN model. These resources must be separated in their own unit since the core business will always try to "eat up" the risky new initiatives if they work side by side. Moreover, a manager from VG's ICV unit stated that it is essential that the unit is separated from the core business of the organization because it allows them to do what is best for the project, they can act fast, and avoid getting hung up in legal

structures. *“Not having to deal with internal stakeholders and internal tugs of war gives us the speed we need to take the position needed to earn the money we want,”* he said.

Both VG and FINN aim to spin out new businesses as independent companies (spin-offs), this is different from Posten and Storebrand who integrate the ICV unit’s results into existing divisions in the parent company. A manager from Schibsted explained the rationale behind the strategy of spinning out the new business saying that *“This model has been vital for Schibsted’s ability to innovate because then we can create a startup in the large group that is allowed to work on its own terms.”* According to a business developer in Storebrand, making sure the core business employees are involved is not that necessary when the results will not be integrated into the parent firm. She stated that *“When spinning out a new business, it is not that important to include and integrate people from the core business since you often build a completely new team anyway.”* However, even though FINN’s and VG’s ICV unit is separated from the core business, informants also suggested that new ideas should draw synergies from the parent. Meaning, the unit should be able to use existing competence, resources, customers et cetera to their advantage, and therefore to some degree be integrated. An interviewee in VG stated that *“There should be a reason why VG is doing this and not just a random start-up.”* In other words, there should be something that makes it more likely that they will succeed with the new business, compared to an independent startup.

Key takeaways

To summarize, informants from Posten, FINN, and VG believe that it is essential to set aside resources for radical projects because it is difficult to prioritize these projects otherwise. These companies might argue that Storebrand has not been “strict” enough with the resources they had devoted to radical innovation, as they now have moved all their innovation resources to incremental and adjacent innovation. Storebrand’s ICV unit explains their reorganization by arguing that it is more important to keep up with the great changes happening in the market they are already in, than it is to explore completely new initiatives.

Informants from VG and FINN underscore the importance of separating the unit working with radical innovation as this allows them to have their own separate resources, and it gives the employees a different environment where they can think new. Contrary, Storebrand’s ICV unit is highly integrated with the core business, as they are dependent on convincing people from the core business to come work on the new initiative to realize it.

Nevertheless, since both Storebrand and Posten aim to integrate the new initiatives into the parent firm, it is essential that they involve employees from the divisions where the new idea will be operated to give them a sense of ownership of it. This is different from VG and FINN, who aim to spin out the new businesses as independent ventures, and they are therefore not dependent on involving people from the core business.

Figure 5.1 illustrates how the ICV units are placed in regard to what type of innovation they pursue and how separated they are from the parent company.

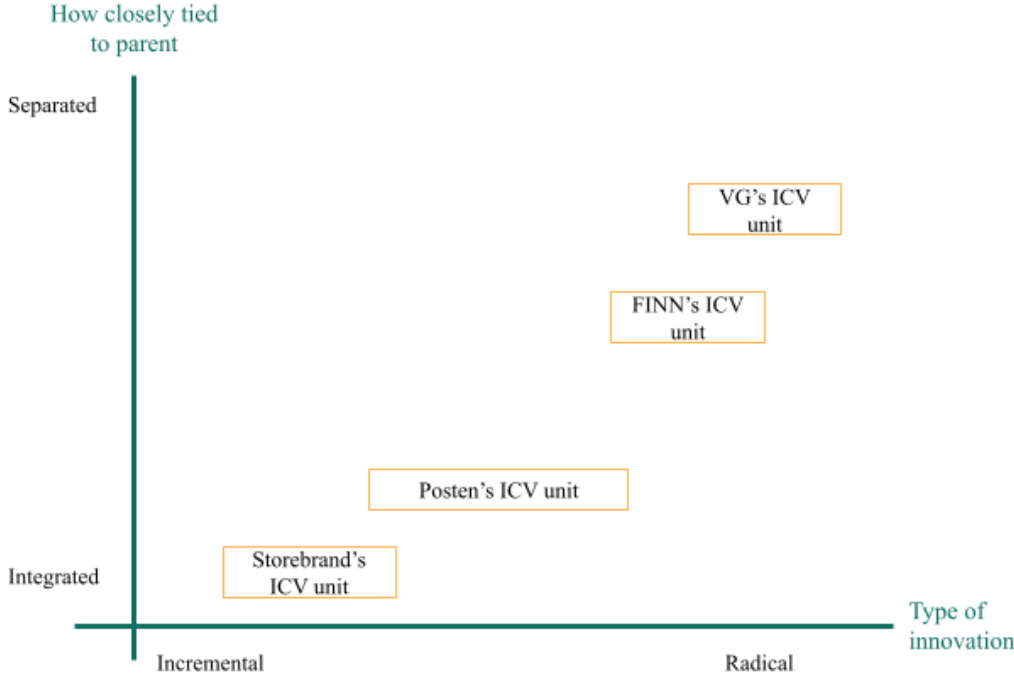


Figure 5.1: The cases' type of innovation initiatives and distance from parent company

A characteristic closely linked to how separate the ICV unit should be is autonomy. Being more separate and having their own resources might give the unit freedom to do what they want with those resources (and hence more autonomy). In the next section, findings regarding the ICV units' degree of autonomy from the parent firm will be presented.

5.2.2 Autonomy & Evaluation System

The cross-case analysis shows that in addition to being related to how separated the ICV unit is from the core business, the findings indicate that the degree of autonomy is related to the evaluation system and process the ICV teams must adhere to when exploring a new business

opportunity. This includes the degree to which the top management decides if a new business should be investigated further (and devoted more resources) or not, and if the employees need to follow a predefined process when exploring the new initiatives.

Top management involvement in decision making

The top management in all four parent companies is to some degree involved when decisions regarding whether a project in the ICV unit should be given more resources or not is made. However, each company has a specific way of involving the people in charge, and the degree of involvement from the top management and their mandates varies.

The employees in **VG's ICV** unit can typically do whatever they want until a decision regarding whether the idea should be scaled and launched must be made - then they need to report to the top management to get more resources. They therefore both build and test the idea before the top management is involved. A business developer in VG's ICV unit explained that the employees working with the new initiative are perceived as better suited to make decisions regarding whether the idea should be devoted more resources or not, and the top management therefore usually do not get too involved in decision making early in the process. He underscored this by saying that *"Our meetings with top management in the steering group are more of 'are we on the right track'-talks, rather than them evaluating our work or deciding if an idea is good or not."* Informants from VG argued that the top management must give employees working with radical projects autonomy regarding decisions as the top management's objective is to do what is best for the parent company as a whole, while radical projects have to do what is best for the case (even though it may hurt the core business). Moreover, the top management often focuses on delivering good financial numbers every quarter, but it can take years before a new initiative is profitable. A business developer in VG stated that they experience that they have the freedom they need when working on new initiatives. *"There is a great amount of freedom under responsibility in VG and Schibsted. We get a lot of room to run with the things we think are fun and exciting, and not necessarily what suits the company,"* she said.

The employees in **FINN's ICV unit** report to the top management every third month, and the top management then decides if the project should be devoted more resources (people/money) or not. Similar to VG's ICV unit, they also have the freedom to test things themselves during these three months, but the top management follows them closely. *"We are autonomous, but*

they keep a close eye on what we're doing," said a business developer at FINN's ICV unit. One informant mentioned that they want to get better at experimenting before asking for permission. He specified that sometimes they have asked for permission, and the top management has told them that *"This is not something you need to ask for our permission or opinion on before doing, just do it."* This indicates that the ICV unit has more autonomy than its employees might think.

In **Posten**, the ICV unit must report to the head of Digital Innovation, and his boss, every fourth week, and then the managers decide if the idea should be investigated further. The top management team decides what areas or business models the department should focus on, and the team working on the idea decides how the problems should be solved. A manager from Posten stated that managers must give the ICV teams frames and directions and ensure that the team has enough competence, and then trust them to be able to make the right decisions on their own. She underscored the importance of this by saying that *"You lose speed if you repeatedly have to go to a manager to ask permission to do something, and then you will get outcompeted."* The business developers from Posten stated that they experience that they have freedom and leeway to do what they want within the given frames, especially on radical projects. The head of Digital Innovation further explained that autonomy is especially important when working with radical innovation. He suggested that *"If you aim for incremental innovation, you can manage it without autonomy, but if you aim for radical innovation, you are dependent on enough autonomy to make decisions based on what you learn."* In other words, the teams working with the radical idea should be the ones deciding what focus and direction the project should take. However, compared to VG's and FINN's ICV unit, the business developers in Posten's ICV unit seem to have less autonomy due to the frequency of needing to report to the top management (4 weeks vs 3 months), and since the teams are given clearly defined frames from their managers as a starting point.

The employees in **Storebrand's ICV unit** have been given a fixed capacity of resources so that they can start to work on new initiatives without asking for permission. Additionally, they have an investment board they can go to for more money and resources, but then the idea needs to be presented and the board decides if they think it is worth exploring further. The business developers in the ICV unit said that they have a great amount of trust and freedom to explore different solutions, and it seems like this is a deliberate strategy from the top management. The head of Digital & Innovation said that they believe that the best ideas come from those who work closest with the customers and know their needs. He underscored this by saying *"We*

believe that those who work with the new idea are better suited to decide what should be emphasized and how the solution should be designed without having the management team involved.”

A structured approach to innovation

All informants in **Storebrand** mentioned the importance of putting innovation in a system to succeed. They argue that people are comfortable working with concrete things and tasks, and since innovation is not that concrete, it is necessary to create structures, processes, methodologies, and tools to make people more comfortable. The head of Digital & Innovation stated that they have experienced that coming up with something new, and working with innovation, requires some processes and systematics. *“You cannot just gather people in a room and tell them to come up with something smart. Innovation in scale over time requires some systems, tools and processes,”* he said.

Contrary, informants from **VG** and Schibsted emphasized that a structured approach to creativity and innovation is damaging. *“Creativity seldom comes from sitting down and telling yourself that now I'm going to be creative,”* said an informant from VG. The head of VG's ICV unit suggested that you can look at structured innovation on a scale; at one end of the scale there are people that are only focusing on the process (arranging workshops, making PowerPoints et cetera), and at the other end of the scale there are those who just build things without thinking. He stated that in VG's ICV unit they try to be closer to the latter, but not completely without thinking. *“We would rather spend two months building something that doesn't work, than spend two months on workshops and then start building. It's like a cowboy culture here sometimes - just go for it and not think that much,”* he said. Moreover, he mentioned that managers need to trust the employees to make the right decisions, rather than make them follow specific processes; *“You should trust a smart employee's intuition, rather than only focusing on the process with lots of workshops and analysis. If a smart person thinks it's smart, it most likely is.”* Regardless, VG's ICV unit also has a concrete process they aim at following when working with the projects, however as mentioned by an informant; *“You can create a defined and perfect process, but it's seldom how it looks in reality.”* In other words, they do not need to follow the process if it does not make sense to do so. The employees have the freedom to do what is best for the idea. A manager from Schibsted stated that an innovative culture cannot be controlled through systems and argued that a structured approach to innovation is contradictory.

“Companies cannot use the same systematic methodology they use as structured companies to build an innovative culture,” he explained.

One informant has previously worked in Storebrand and is now working closely with VG’s ICV unit. She emphasized the difference of how structured the innovation work was in the two companies; *“I previously worked for Storebrand where everything is highly structured because you cannot make mistakes when you work with banking and insurance, and then I came to VG, where there was far less control and structure.”* The findings indicate that Storebrand is proud of their structured approach to innovation, and it also seems necessary for them as there is a higher risk related to the industry they are operating in. On the other hand, VG is proud that they dare to experiment rather than be dependent on predefined systems and processes. It also seems like this lies within the corporate culture of Schibsted in general, which is described as anarchist, and that within the industry they operate in there is not that high risk connected to introducing innovations that fail.

Posten follows a clearly defined model (Helix) when working with innovation, and similar to Storebrand they have spent much time putting innovation in a system by creating frames and guidelines for those who work on it and giving them directions regarding how they should work with innovation through the Helix. FINN seems more similar to VG, where the teams can practically do what they want in the discovery phase.

Key Takeaways

To summarize, autonomy is seen as a critical aspect of succeeding with ICV by all the case companies. All informants mentioned that freedom to make their own decisions, and to do what is in the case’s best interest, is essential. Still, there is disagreement about two factors (in which the authors believe affect the unit’s degree of autonomy); (1) how strictly the ICV unit should follow a structured innovation process, and (2) how much the top management should get involved in decision making during the process.

For example, VG seems to believe that structured models are good tools for guidance and inspiration in the innovation process, but that the ICV unit should not be compelled to use them. They believe that putting structure on innovation kills creativity. Storebrand believes the opposite of VG, namely that it is necessary to create structure and systems to make people feel comfortable when working with innovation.

As presented in 5.2.1 concerning separation versus integration, the data analysis indicates that the cases that are more separate from the core business (FINN’s and VG’s ICV unit) also have a higher degree of autonomy in terms of decision rights and freedom to experiment. Nonetheless, even though Storebrand’s ICV unit is integrated, the findings indicated that the business developers in the unit have a high degree of autonomy; the employees that work closest with the idea are the ones who make decisions regarding if the initiative should be investigated further, and they are free to test and explore. This indicates that being integrated does not necessarily mean that the ICV unit cannot have a high degree of autonomy in regard to freedom to experiment. On the other hand, as presented, Storebrand is dependent on resources from the core business to pursue new projects, which indicates a lower degree of autonomy.

Figure 5.2 illustrates the authors’ interpretation of the degree of autonomy that the ICV units have, and the factors affecting it.

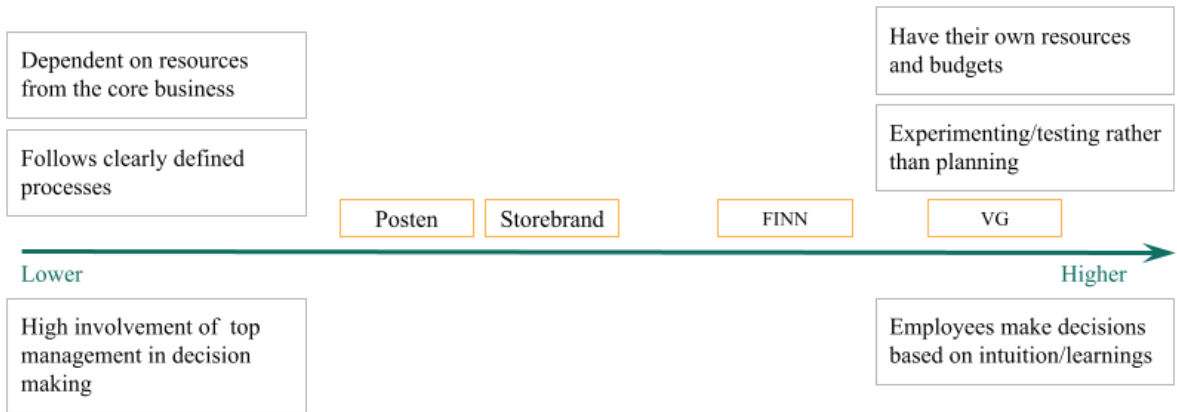


Figure 5.2: The degree of autonomy the ICV units are given from the parent corporation, and the factors affecting it

Another aspect of the top management is how *supportive* they are of the ICV unit, but this must not be confused with *top management involvement in decision-making* processes (described above). Top management involvement in decision making concerns whether the top management in the parent firm decides what the ICV unit should investigate and how they should do it (and thereby might reduce the ICV team's autonomy). Top management support concerns whether the ICV unit is supported and “cheered on” by the top management in the parent firm, and this will be elaborated in the next section.

5.2.3 Top Management Support and Culture

The importance of having a supportive top management was a finding that recurred in all the cases as one of the most crucial factors of succeeding with internal corporate venturing (ICV). This includes the degree to which the top management got the ICV unit's back, does not cut innovation resources when the parent company experiences hard times, and focuses on efforts rather than the results. Moreover, a dimension that came apparent during the interviews was that a supportive top management introduces measures to build an innovative corporate culture through the parent company.

High-level sponsorship

A business developer from Storebrand emphasized the importance of having some sort of sponsor from the top management when working on new initiatives, and that this in turn leads to more leeway and support from the rest of the organization. She stated that *"You face so incredibly much adversity when working with innovation in a 250-year-old company, therefore you need to have people from the top management that are in the boat with you. It's night and day."* Another informant from Storebrand's ICV unit emphasized that it is hard to be prioritized and receive resources before the top management has really put the initiative on the corporate agenda and made sure this is a focus area for the company.

Moreover, the head of Digital & Innovation in Storebrand stated that it is his, together with the rest of the top management's job, to explain the rationale behind why the ICV unit does the work they do. He said that *"I have to be an ambassador, diplomat and bridge builder between the ICV unit and the rest of the organization."* Similarly, a former Executive Vice President in Schibsted said that top managers must communicate to the organization why innovation is essential and create a culture for it. *"It is a lot about leadership - you cannot make innovation work if you do not have leaders who talk with employees and tell them about why we do these things, why it is important, and why what we have done till now is not enough,"* he stated. The head of VG's ICV unit explained that their CEO is really supportive and makes sure to spread 'innovation spirit' throughout the company by including tributes to VG lab in his every day "10:45" talk, where he presents yesterday's highlights and everyone at VG watches. By doing so, he ensures that the rest of the organization understands the purpose of the unit's work and the rationale behind the new businesses they are working on.

The importance of not cutting innovation resources during hard times

An essential aspect of top management support is not cutting down on innovation resources when the company experiences hard times. The head of Digital Innovation in Posten elaborated on this, saying that he often sees that when companies experience good times, they think “we need to do something that also makes us relevant for the future” - and so they employ some new people and start innovation projects. However, when the company experiences more challenging times, the first thing they do is cut their innovation resources, as this is expenditure that you do not see an effect on at the bottom line straight away. And then when good times come around again, they think “now we have to do something with innovation again”, and then they employ new people and have to start from the bottom again. He stated that *“That’s how many Norwegian companies operate - amazingly enough. This does not work, and therefore, to succeed it is essential to have a top management that supports the unit at all times.”* An informant from FINN underscored this, saying that he feels lucky that FINN has a top management that is very enthusiastic about the ICV unit doing new things. *“Especially now during Corona - it was never a topic to stop what we are doing even though we spend money on something that does not make any money yet, because we are the income of the future - we cannot stop working on future revenues,”* he stated.

It is not about the results, but the effort you put in

Several informants from the ICV units mentioned that it is important that the top management strives to build a culture where the emphasis is not on the results, but the effort you put into the work. A former Executive Vice President in Schibsted and former Chairman of the Board in Storebrand agreed with this from a top management standpoint and said that *“You must be forgiven for the mistakes you make - create a culture where you are evaluated based on that you try and dare, not necessarily that you make mistakes.”* Several informants from Storebrand mentioned that being evaluated based on the effort they put in, rather than the results, is more important than for instance being compensated if the new business is successful.

These statements appeared when discussing if the employees in the four ICV units operated with an incentive compensation plan when working with new businesses. None of the case companies do, and as mentioned by a business developer in Storebrand, it does not seem like they expected it either: *“The strong value proposition of working as an internal entrepreneur within Storebrand is the security - you have the same salary, the same pension, and you are*

backed by a big system.” She further mentioned that it would not be fair if they would get all that, and compensation in addition, if the new business succeeds because the ICV unit is considered a money drain most of the time. Then they would have to give away some of the safety, like for instance get a lower fixed salary. The head of VG’s ICV unit highlighted that none of his employees have ever asked for any other compensation for the work they have done. *“We do it for the idea, because we thrive and think it's fun. That is more important than getting 40% of it,”* he said.

Build an innovative culture

One of the architects of the innovation strategy in Schibsted and Storebrand said that large, established companies must work on building an innovative culture. This is different from new startups who often have great drive when it comes to innovation. *“Start-ups are aggressive and have a culture of innovation that is very strong - constantly testing new things,”* he said. This culture of testing and experimentation is bound in that they are underdogs in relation to the established market leaders and have a strong desire to be better than the leading players.

Interviewees from **Posten** emphasized that they strive to not only build an innovative culture, but also be perceived as innovative. They almost ‘build a castle in the sky’ to make people both internally and externally think that they are highly innovative. The head of Digital Innovation in Posten suggested that this brings several benefits. First, the general employees are more likely to come to the department if they have a good idea. Second, it helps with recruiting and keeping the smartest people, as they want to work for an innovative company where “things happen”. Third, partnerships with both suppliers and customers are more likely to happen, as they believe that Posten is forward thinking and will cooperate with them. Finally, he said that research suggests that companies that are perceived as innovative are more profitable. Therefore, Posten places great emphasis on daring to say that they are innovative, as the head of Digital Innovation said, *“Fake it until you make it.”* Informants from **FINN** too underscored the value of being perceived as innovative. For instance, it matters to them that they are ranked high on the Norwegian Innovation Index, because they believe it attracts good people to come work for them.

Informants from Storebrand and Posten highlighted that they have implemented concrete measures to build an innovative culture and increase their reputation within innovation. **Storebrand** arranges what they call “Innovation Waffle” every Friday where they bring in

external speakers that can inspire the employees regarding innovation and sustainability. Moreover, they have implemented measures like innovation days, hackathons and “open door” where employees that have an idea can get help to develop it. Storebrand’s ICV unit facilitates these initiatives, and hence serves as a “guiding star” for innovation that walks in front and shows the rest of the organization that it is possible to make changes. The measures are essential to create understanding and acceptance of the idea that the ICV unit initiates.

Posten have what they call “boosting projects”, which are small and innovative projects that emerge from using the Helix methodology and are communicated both internally and externally. Similar to Storebrand, this is done to show that it is possible to make changes. Posten also has an internal “pop up pitch” every Friday where they talk about projects throughout the organization to inspire each other and share experiences across the divisions. Moreover, they have employed certain people (like the Department Director of Helix) that does not have an operative responsibility, but only focuses on building an innovative culture. This has made it possible to send 200-300 employees on a Helix course to make them understand how the department Digital Innovation works with innovation, and to explain that innovation is not here to take their jobs, but to strengthen their work. Posten believes that this makes it more likely that employees are willing to share information and initiate innovation projects.

Informants from Schibsted also underscored that an innovative culture is crucial to succeed. *“When it is not in the culture of the company to take risks and understand what it means to build new things, then it is extremely difficult to engage in innovation,”* said a manager in Schibsted. Informants from **VG**’s and **FINN**’s ICV unit did however not highlight as many concrete measures to build an innovative culture in the parent company as informants from Posten and Storebrand did. It seems like this is not as great of a focus for VG and FINN since they already have an innovative culture - it must be maintained, but not necessarily created. This might be a reason why this was not a topic that the informants from these companies brought up as much as Posten and Storebrand did during the interviews. Moreover, a manager in Schibsted explained that Storebrand and Schibsted have different starting points when it comes to having an innovative culture; *“Storebrand is an insurance company with strict regulations - lots of checks and balances, big money involved, lots of old systems - which is a demanding culture to foster innovation in.”* He said that Schibsted is different - that their culture is creative and innovative by definition, because they are so anarchist.

Key Takeaways

To sum up, top management support is seen as critical to succeed with ICV. Employees working with innovation in big corporations meet lots of resistance, and they need representatives from the top management that communicates the importance of their work and puts their efforts on the corporate agenda. Moreover, it is essential to not cut down the innovation resources when the parent companies experience hard times, as this makes them have to start all over again when the hard times are over.

The top managers also need to create a culture where the employees in the ICV unit experience that it is not about the results, but the effort they put in. These types of innovation efforts require that the employees experiment without being afraid to fail and do not dread to “just go for it”. The findings suggest that the parent companies need to build an innovative corporate culture and communicate that the company actually is innovative. This increases the likelihood that people within the company understand what the ICV unit is doing and why it is important. By giving the external environment the impression that the company is innovative increases the likelihood of getting valuable partnerships with startups and other companies and getting the best people to work within the company. Both Storebrand and Posten have implemented several concrete measures to increase the innovative culture. VG and FINN seem like they already have built an innovative corporate culture and the focus is more on maintaining it.

Figure 5.3 illustrates the authors’ interpretation of what top managers can do to show support towards the ICV unit, and what positive effects those measures can lead to.

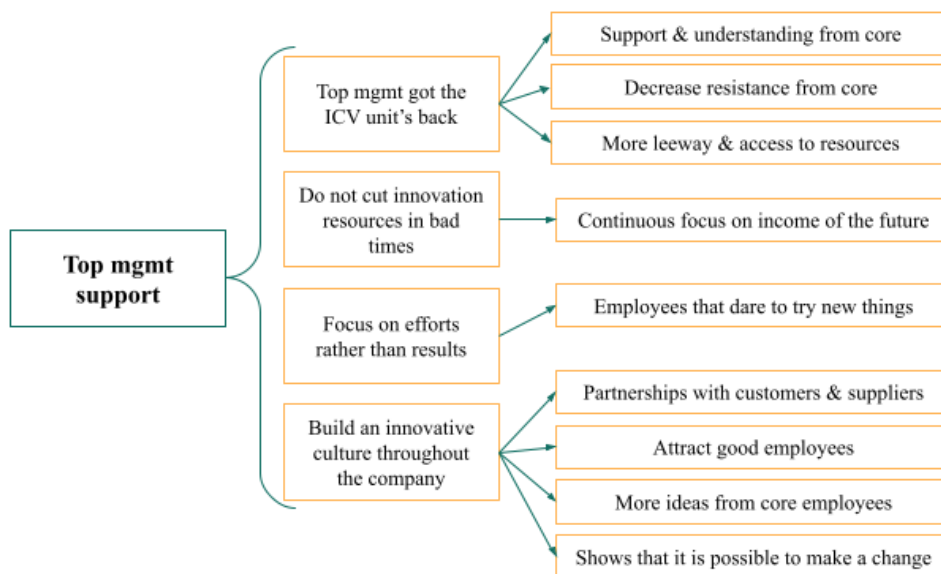


Figure 5.3: Top management support measures, and the effects of them

6 Discussion & Recommendations

The purpose of this study has been to *increase the knowledge of how established companies can organize and manage internal corporate venturing (ICV) units successfully*. The authors' analysis reveals both findings that confirm, contradict, and extend the existing literature regarding the research question - *how should an established firm organize and manage its ICV unit?*

Throughout this chapter, themes from the findings will be discussed in light of the theory presented in chapter 2. The chapter includes discussions and recommendations regarding the three aggregated themes: (1) type of innovation and distance to the parent corporation, (2) autonomy and evaluation system, and (3) top management support and innovative culture. As previously mentioned, these themes emerged from the Second Cycle codes and are a result of the codes with high levels of occurrence in the interviews (i.e., how much informants emphasized and brought the topic up) (shown in Figure 3.2). The chapter ends with an acknowledgment of the limitations of the thesis.

Due to the scope of the study, the authors have not prioritized discussing organizational factors/Second Cycle codes with low levels of occurrence in the interviews. For instance, empirical findings confirmed the existing literature about *team/human capital*. The literature suggests that CV teams should include diverse people, from both inside and outside the parent company, with certain skills and mentality (like creativity, entrepreneurial mindset, venture-specific knowledge, and learning capability) (van den Bosch & Duysters, 2014). Correspondingly, most informants also suggested that these factors were important. Moreover, findings regarding *compensation systems* did also have low levels of occurrence, but these findings contradict the existing literature on the topic and are suggested as a topic for further research in chapter 7.

6.1 Main Findings

In this subsection, the most notable findings regarding organizational factors that influence how the parent firm should organize and manage its internal corporate venturing (ICV) unit are discussed. These findings confirm and extend the existing literature. The existing literature is extended by being confirmed in a new context (Norwegian firms), and by being linked to new aspects. *Top management support*, for example, is confirmed as crucial to succeed with ICV

units and is linked to a new aspect identified in the interviews, namely innovative culture. Existing literature on *relatedness* has also been confirmed and extended by the findings of this study. Findings correspond with the scholars implying that the new initiative should, to some degree, be related to what the parent firm is already doing (Sykes, 1986; Covin et al., 2015). However, most of the interviewees highlighted their focus on incremental, adjacent, and radical innovation initiatives when discussing relatedness, linking the factor to a new aspect (type of innovation).

This subchapter presents the three main recommendations (on how a parent firm should organize and manage its ICV unit) as subheadings, with respective discussions (consisting of findings and theory) regarding the recommendation underneath.

6.1.1 The ICV unit should work with radical innovation and be separated from the parent firm, but involve people from the core if the idea will be integrated into the parent

Scholars have extensively debated whether the ICV unit should be separated from, or integrated with, the core business of the parent firm (Hill & Georgoulas, 2016). The empirical findings show that the cases differ regarding this organizational factor, but several conclusions can be drawn from the analysis.

Integration into existing divisions, vs spin-offs

The empirical findings imply that, what divides the units that are integrated from those that are separated, is mainly that the integrated units work closely with employees from the core business. On the other hand, the more separated units are not dependent on, and therefore do not involve people from the core business. This corresponds with the literature defining separation as a way of decoupling ICV activities from the core business (Burgers et al., 2009), while integration links the ICV unit to the rest of the organization (Thornhill & Amit, 2001).

Moreover, findings suggest the new initiatives from the integrated units are integrated into existing divisions in the parent company, while the more separate units aim to create new independent ventures (spin-offs). Covin and Miles's (2007) research suggests that separating ICV units from the core operations can create barriers to transfer innovations and results. Van den Bosch and Duysters (2014) hence recommend that one should involve employees from the

parent from the very start when developing the new businesses to secure a smooth integration between the parent and the venture. This corresponds with both Storebrand's and Posten's strategies that place a great emphasis on involving people from the core business departments as the new business evolves. This is to ensure a smooth transition from the ICV unit to the operating division where the new idea eventually will be integrated.

VG's and FINN's ICV unit, on the other hand, do not aim to integrate the new businesses (but rather create spin-offs), and the integration mechanism (involving people from the core business) is hence not that necessary. This is because spin-offs can overcome the "not invented here syndrome" through their independent structure and different culture (Festel, 2013 p. 457). They do not need to include people from the core business as the idea develops, because they are not afraid that the organization will reject the new idea - as it will work as a more or less independent company with its own team.

Radical vs incremental innovation

Furthermore, during the data analysis, it became apparent that whether it is beneficial that the ICV unit is separated or integrated with the core business, depends on whether the ICV unit is pursuing radical or incremental innovation. Both Storebrand and Posten succeed with incremental innovation when being integrated. This is in line with literature on corporate innovation, which suggests that innovation in the form of enhancements to core offerings is most likely to succeed if they remain integrated with the existing business (Weber, 2019).

However, being integrated when pursuing radical innovation is, according to both existing literature and empirical findings, difficult. Radical initiatives are more likely to succeed if the people involved are separated from the core business of the parent - organizationally, financially, and sometimes physically (Weber, 2019). Without the distance, it is difficult to escape the gravitational pull of the parent's norms and expectations (with emphasis on maintaining the core business) (Weber, 2019). FINN's and VG's ICV unit succeed with radical innovation while being separate from the core business, with their own resources, budgets, and mandates. Being separated gives them speed and more room to experiment as they do not need to compete with the core business about resources. Moreover, it gives the employees a completely new environment to work in which is beneficial when experimenting and coming up with new ideas. This corresponds with the literature stating that when the unit is separated, the culture of the parent company does not prevent the culture of experimentation necessary to

create new businesses in ICV units (Sykes & Block, 1989; Block & MacMillan, 1993). Further, being separated might reduce the risk related to prolonged time to market due to political processes within the parent organization (Evald & Bager, 2006).

For Posten's radical projects, the unit is more separated (compared to their incremental projects) and has their own budgets, which aligns with what the theory suggests as beneficial. However, the authors question their decision to integrate these projects as they develop (by transferring them into existing divisions and having employees from the core business take over). It might be beneficial to keep the radical projects separate from the main business and create new independent ventures (spin-offs) instead. This is because it can be tough to integrate the radical ideas, as the main business tends to put up defenses because of the lack of fit with the core business and/or the risk of it cannibalizing existing activities (Festel, 2013). However, Van Burg et al. (2012) argue that radical ideas should be integrated into the parent if the idea is *related* to the existing business and fits its established business strategy. This implies that integration is the best alternative for Posten's ICV unit's projects that are radical and related to the core business (such as package delivery inside people's homes). On the other hand, if the new business is radical and *unrelated* to (and/or lacks a strategic fit with) Posten's existing core business (such as their project regarding rental service of sports equipment to consumers), it should be spun out as an independent venture (van Burg et al., 2012). These statements also imply that if FINN's and VG's ICV unit have radical ideas that are related to the core business, they should in turn integrate these ideas into the parent firm and therefore also involve people from the core business as the new business evolves.

Important to allocate resources for radical innovation

All the researched ICV units, except Storebrand's, allocate resources for radical innovation and aim to separate these resources from the rest of the parent company. Allocating resources for radical innovation is in line with Google's "70-20-10" rule of innovation, which many organizations have adopted (Weber, 2019, p. 38). The rule implies that 10% of the company's innovation resources should be devoted to radical projects to evolve and innovate. The authors question Storebrand's strategy not to set aside resources for radical innovation as this is recommended by several researchers (e.g., Wheelwright & Clark, 1992; Mauzy & Harriman, 2003; Tushman & O'Reilly, 1996) and wonder how long they will have "*more than enough room to grow within the markets they are already in,*" as stated by an informant in Storebrand. It might be beneficial for them to focus on more significant improvements, as informants imply

that they are afraid of their core business being outdated and they are struggling to keep up with the development in the market. However, one can argue that their improvements are dramatic enough since the financial industry is going through a digital transformation, and innovation on the core business can be seen as radical in itself (as they have to transform the way they are doing it today significantly). Nevertheless, if Storebrand's current innovations are so significant that they can to some degree be considered radical (as mentioned by an informant), both theory and findings from the other cases suggest that their ICV unit should be more separate from the parent company than it is today.

With that being said, the authors still believe that looking forward, it might be beneficial for Storebrand to expand the resources in their existing ICV unit to also look for radical new initiatives that can challenge their existing core business. Because, as mentioned by a former Vice President of Schibsted, when you are operating in an industry that is being disrupted (as the financial industry is now being), you must be aggressive and aim to create solutions that might in the extreme case cannibalize the existing solutions - because if you do not, someone else will. The digital revolution came to the media industry in 1995 (Anand & Hood, 2007), and Schibsted had to create online initiatives (e.g., FINN) that cannibalized their existing core business (printed newspapers) to survive. The digital revolution has now entered the financial industry, and the authors recommend that Storebrand should do as Schibsted did back in the day - set up a separate unit that challenges the existing.

6.1.2 The ICV unit needs autonomy; freedom to test, experiment, and decide based on how the new business evolves

The literature often discusses autonomy in connection with how separate the ICV unit is from the core business (Thornhill & Amit, 2001). The findings indicate that the more separate cases (FINN's and VG's ICV unit) also have a high degree of autonomy in terms of decision rights and freedom to experiment. Based on the authors' findings, informants from all the ICV units placed great emphasis on autonomy as essential to success. This corresponds with the existing literature stating that autonomy is an important factor to increase the performance of the ICV unit (Birkinshaw & Hill, 2005). In addition to being separate, the empirical findings indicate that the degree of autonomy is based on how much influence and involvement the top management of the parent firm has to make decisions and evaluate what ideas should be devoted more resources, and if the employees need to follow predefined structures and processes.

Top management involvement in decision making

Being autonomous, meaning that the ICV unit has its own money and decision rights (Hisrich & Peters, 1986; Birkinshaw & Hill, 2005), might make it possible for the new venture to avoid being constrained by corporate inertia and bureaucracy of the parent (Patanakul et al., 2012). This can make the venture more creative and flexible, and hence more responsive to changing environmental demands (Thornhill & Amit, 2001; van den Bosch & Duysters, 2014). The findings suggest that employees in VG's and FINN's ICV unit are free to test new ideas before top managers are involved in evaluating and making decisions regarding if the new initiative should receive more resources or not, and the interviewees highlight this as essential for their success. Informants from Posten's ICV unit also experience a high degree of autonomy when working with the radical projects. Managers from both VG and Posten highlight that managers must give employees working with radical projects autonomy, as this gives them the speed needed to stay competitive. Moreover, the top management's focus is often on delivering good financial results, but it can take years before a new initiative is profitable. Therefore, top management should not get too involved in decision making. This corresponds with Hill and Georgoulas's (2016) research stating that the ICV teams need the freedom to make their own decisions and do what is in the case's best interest - because managers might have other interests. For instance, top management that focuses on short-term results might negatively impact the performance of the ICV unit, as it might prematurely cut out promising ventures (Hill & Georgoulas, 2016).

With that being said, findings show that Posten's ICV unit has a higher frequency of reporting to the top management, than VG and FINN, to get more resources. This might indicate a lower degree of autonomy, and the authors question whether the business developers in Posten would still have experienced that they have a high degree of autonomy if they had been introduced to the decision-making processes in VG for instance. The authors suggest that giving the teams more room to experiment, test, and make their own decisions would most likely increase Posten's ICV unit's success as this is regarded as essential by nearly all informants.

Top management involvement in decision making is related to what the theory describes as an evaluation system, as the cases use the top management when deciding if the new initiative should be devoted more resources or not. The literature states that a good evaluation system contributes to supporting the best ventures and identifies the unpromising ones, so they can be dismissed early and therefore not drain on resources (McGrath et al., 2006; Hill & Georgoulas,

2016). However, the literature is not precise (to the authors' knowledge) about *who* should identify and decide what ventures are promising and not. The authors hypothesize that top management involvement in the unit's decision-making and evaluation processes reduces the ICV team's autonomy. If this is correct, it is contradictory that all the cases imply that autonomy is critical, but still involves top management to make decisions. It would most likely be beneficial to reduce the top management involvement for such decisions, and rather rely on the ICV teams that have the most insight into the new initiative to make decisions whether the initiative is promising or not.

With that being said, top management involvement in the form of guiding/mentoring is on other hand regarded as an enabler, not an inhibitor, of the performance of ICV units. Fast (1979) identified mentoring and guiding of the CV teams as a way top management can contribute to making CV units successful. Further, the literature recommends involving a credible and influential steering committee that can assist, but not control, the evaluation of new initiatives (Leifer et al., 2000). This is in line with how VG's top management is involved in the ICV unit's work. They have guiding talks with the ICV teams through a steering group, rather than evaluating the teams' work or deciding if a new initiative should be worked further on or not. VG's setup implies that the ICV unit can be autonomous and involve the top management, as long as the involvement is in the form of guiding/mentoring, and not direct decision making. To conclude, how the top management engages with the venture is assumed relevant for its impact on the ICV unit's autonomy and thereby success.

Structured vs unstructured approach to innovation

The ICV units' approaches to structured or unstructured innovation is an aspect of the cases' innovation and evaluation process and were associated with autonomy during the data analysis. According to McGrath et al. (2006), corporate ventures are more likely to succeed if managed with processes and structures that support their hard-to-plan and unpredictable nature. Moreover, Enkel & Goel (2012) suggests that when adapting ICV, procedural clarity and discipline is beneficial as it improves accountability and leads to more efficient coordination and better utilization of resources. Correspondingly, both Posten and Storebrand emphasize a highly structured process the employees should follow when working with innovation.

Contrary, other scholars argue that creativity demands more flexible and agile processes, as the right steps of an innovation process are highly uncertain and therefore cannot be predicted in

advance (Lichtenthaler, 2020). Informants from VG emphasize that managers need to trust the employees who work closest to the new initiative to make decisions that are best for the development of the new businesses and their situation, rather than making them follow predefined processes.

Van den Bosch and Duysters (2014) suggest that one should balance planning with experimentation, to both focus on the process and the outcome. Similarly, Lichtenthaler (2020) argues that combining structured and agile processes might balance the benefits and drawbacks of both. This is in line with VG's thinking, that outlined structured processes are great tools to follow or use as inspiration if they are in the new initiative's best interest (they therefore have made structures for the innovation processes), but the ICV unit should not be obligated to follow them and are rather encouraged to choose what seems like the best direction for the new business.

When looking at a structured approach to innovation in connection with autonomy, the authors believe that VG's approach sounds like a good scheme, as all the cases and the existing literature imply that autonomy is essential for ICV. It is important to allow flexibility and experimentation to succeed with creating new businesses. Hence, the authors question if the highly structured approach to innovation within Storebrand's and Posten's ICV units might limit the autonomy the ICV teams are given as they might feel obligated to follow the predefined processes. Furthermore, according to Lichtenthaler (2020), a structured approach to innovation might provide a false sense of control. Therefore, the authors hypothesize that if managers have predefined a given process that the teams are encouraged to follow, it might limit their ability to think new, experiment, and do what is best for the case, since following a given process might be more comfortable. However, as mentioned, informants from both Posten's and Storebrand's ICV unit experience that they have a high degree of autonomy as they have the freedom to explore, which implies that a structured approach to innovation can be combined with autonomy. Nonetheless, as previously mentioned, if informants from these cases would have compared themselves with VG (which can be seen as an extremity when it comes to autonomy), they might not have considered themselves as equally autonomous.

6.1.3 Top management support is essential

The findings and analysis imply that top management support (not to be confused with top management involvement in decision making) is critical to succeed with internal corporate venturing (ICV). This corresponds with the existing literature stating that without support a new venture unit will never succeed (e.g., Kuratko et al., 2009; Garrett & Neubaum, 2013; Tsai et al., 1991; Vaizler & Gordon, 2012; Hisrich & Peters, 1986). The findings suggest that those companies that succeed with ICV have top managers that got the ICV unit's back, and do not cut innovation resources when the company is experiencing difficult times. This underscores Birkinshaw et al.'s (2002) research, suggesting that corporate ventures are misfits by definition, and misfits are generally the first thing to be killed whenever problems arise, therefore high-level sponsorship is a key factor to succeed.

Innovative corporate culture

Moreover, the empirical findings highlight Block and MacMillan's (1993) and Ginsberg and Hay's (1994) suggestions that top management should promote and make new business development a concern for the whole organization and educate employees' abilities to identify new ideas. This led to new empirical findings regarding the importance of implementing concrete measures to build an innovative corporate culture throughout the parent company to succeed with ICV. Posten, for instance, has great focus on this as they send hundreds of their employees on Helix courses.

During the analysis, it became apparent that FINN and VG have adopted the innovative culture of their umbrella company Schibsted. Schibsted's culture is a result of their history, their organizational structure, and the nature of the industries they operate in. Both FINN and VG's efforts involve maintaining the already implemented innovative culture inherited from Schibsted. On the other hand, Storebrand and Posten have to build an innovative culture and have hence introduced several concrete measures that can serve as an inspiration for other companies that seek to build an innovative corporate culture. The measures are meant to create understanding and acceptance of the new initiatives. Since Storebrand and Posten integrate their new initiatives back to their parents and are dependent on having employees from the core business with them, getting this acceptance seems essential. To the authors' knowledge, building a corporate innovative culture throughout the organization is not much discussed in the existing literature regarding corporate venturing, and serves as an extension to the literature.

6.2 Limitations

While the authors have gone to great lengths to ensure the robustness of their results in this thesis, some limitations to the study should be considered.

Limitations related to success

The first, and perhaps the most important limitation, is that the authors cannot be certain that the case companies are organizing and managing their internal corporate venturing (ICV) units successfully. Although there are indications that the case companies have succeeded with this form of corporate innovation (as explained in 3.3.3), their belonging ICV units are only around two years old (with the parent just beginning to see the results of them), and it is yet uncertain if their parents are actually organizing and managing them successfully. If the investigated ICV units are in fact not successful (or will not succeed), the results of this study are not that valuable, as this is a prerequisite for the data to serve as “answers” to how a parent firm can organize and manage ICV units successfully. The authors have drawn an almost straight line between ‘how to organize and manage ICV units successfully and how the researched case companies are doing it. It will be exciting to follow the cases to see where they are in three to five years from now, and if they then consider their ICV unit as successful - and if so, how?

With that being said, it was discovered that all the 10 Norwegian companies identified with an ICV unit in the case selection process have not engaged in ICV units until recently. This indicates that this is a relatively new phenomenon in Norwegian companies, and a study on how to manage and organize them to succeed is hence relevant.

Limitations related to the chosen cases

One of the criteria for choosing the cases for the study was that the ICV unit should fit the description used in the literature of what constitutes an ICV unit. The way Storebrand organized their ICV unit previously (as a separate unit working with identifying and developing new businesses) fits the literature’s description of an ICV unit. However, the way they are currently working (as internal innovation consultants working together with people from the core business, pursuing incremental and adjacent innovation) is quite different from the ICV unit description. One can argue that it would have been beneficial to choose a different ICV unit working more similar to the units of VG, FINN, and Posten (with radical projects separated

from the core business). Nevertheless, it provided the authors with a different view on ICV, and when comparing the cases, the authors got clearer distinctions and contrasts.

Furthermore, two of the four case companies (VG and FINN) are under the same umbrella company (Schibsted) and are more alike than the two other companies. Choosing a different, more independent fourth case could have provided a better and broader basis of comparison.

The case companies are from diverse industries and their innovation efforts are very different from each other. For instance, the authors assume that it is “easier” and require fewer resources for VG to create an app with electric car chargers than it is for Posten to create a system to deliver packages inside people’s homes. Moreover, there might be greater consequences for Storebrand to introduce innovations that fail since they work with banking, pension and insurance and cannot afford to damage their reputation of being safe, stable, and a player to trust. Thus, they might not be able to take as much risk, test, and experiment as VG and FINN for instance.

Other limitations

Other limitations are confirmation bias and different use of terms by the interviewees and theory. The authors may have had a confirmation bias and taken a sentence from an interview out of context (without considering the big picture) and put it into a paragraph in the thesis because it fits perfectly to strengthen the desired argument or preconceived notion. Further, informants may have referred to terms differently than the theory, and some of the analysis of this study therefore might not be correct. For example, several informants from Storebrand implied that the ICV unit is pursuing incremental and adjacent innovation because they are doing innovation related to the core business. However, the theory implies that innovation that is related to the core business can in fact be radical if it significantly transforms the way they are doing things today (as some informants stated they do).

Despite these limitations of the thesis, the cases have highlighted several of the same organizational factors as important to succeed with an ICV unit. This indicates that the findings have a transfer value to other companies since the cases have different starting points and operate in various industries.

7 Conclusion & Contribution

The purpose of this study was to *increase the knowledge of how established companies organize and manage internal corporate venturing (ICV) units successfully*. Previous literature in the field of corporate entrepreneurship has identified several organizational factors that might influence the performance of corporate ventures. Still, few scholarly works have investigated the influence of different organizational conditions of parent firms that have succeeded with their ICV units.

This study provides concrete and practical examples of how established companies organize and manage their ICV units, collected through interviews with managers from four Norwegian companies and employees working within their ICV units. The companies investigated have seemingly succeeded with ICV, and the data collection therefore aimed to identify what might have contributed to their success and get the interviewees' thoughts on what they believe is essential to succeed. This chapter presents implications for both practitioners and further research. The findings provide practical value for companies wanting to engage in ICV activities (practitioners). Additionally, it confirms existing literature in a new context (Norwegian firms) and has provided the field with qualitative empirical data for further research and analysis.

7.1 Implications for Practitioners

As an answer to the proposed research question - *How should an established firm organize and manage its ICV unit?* - the study has identified several organizational factors to consider when conducting this type of entrepreneurial strategy. The study indicates three prominent implications for companies wanting to understand better how to organize ICV activities. These prominent implications are the same as the recommendations in chapter 6 but are now followed by a conclusion instead of a discussion.

First, **the ICV unit should work with radical innovation and be separated from core but involve people from core if the idea will be integrated into the parent**. Being separate includes that the unit has its own resources and budgets and that the employees working within the unit are placed in a “new” environment shielded from the parent company’s culture when working on new initiatives. This makes the ICV team less affected by, and dependent on, the core business - which is beneficial.

Second, findings show clear evidence that **the ICV unit should be given a high degree of autonomy** from the parent firm. This includes that the ICV teams have the freedom to test, experiment, and decide based on how the new business evolves. Being a separate unit is a necessary foundation to gain the autonomy needed, as having their own resources and budgets makes them more independent of the parent. The ICV teams lose speed if they constantly need to ask for permission from managers. Moreover, ideas are more likely to succeed if they are based on decisions made by those with the most insight and who work closest to the new projects. Therefore, top managers should strive not to get too involved in the decision-making process, and rather give the teams mandates to decide. In other words, the unit should be freed from the otherwise bureaucratic thinking of the parent company.

Third, **top management support is essential** to succeed. Top managers need to serve as ambassadors for the new initiatives, where they support the ICV teams and communicate the importance of the ICV unit's work throughout the parent company. Moreover, parent companies should implement concrete measures to build (or maintain) an innovative corporate culture. This increases the understanding and attention of the parent's innovation efforts. Finally, the work within the unit must be seen as strategically important even if the company is going through hard times - one cannot stop working on the income for the future.

7.2 Implications for Further Research

While several empirical observations have shown indications of consistency with existing literature on corporate venturing, some deviations and ambiguities became present during the analysis and imply a need for further research.

Compensation system

The literature suggests that new venture building might become unattractive if the compensation system is the same for both ICV activities and core business (Sykes and Block, 1989; Enkel & Goel, 2012), and proposes that compensation schemes for the ICV unit should be aligned with the wealth created by the new business (Sykes, 1992). The findings, however, contradict this statement. None of the case companies have a different compensation system for the ICV activities than for the core business. The authors question whether the ICV units investigated would perform even better if they had incentivized the employees working in the

unit. The authors attended a webinar by the Norwegian consultancy firm Sprint Consulting that implied that compensation systems for people working with ICV are critical to succeed (Rennemo & Sogne-Møller, 2021). However, it is understandable that the case companies choose not to reward the ICV employees if their new business is successful, as the employees in the units have the security, and since the unit is considered a money drain most of the time. Moreover, it is assumed that in Norway, such bonus and reward systems are less used (than for instance in the US where most of the existing literature on CV is from). A reason might be that these types of compensation systems might not suit the national corporate culture of Norway. It would be interesting to investigate this further by comparing an ICV unit that operates with compensation systems with an ICV unit that does not, both with a corporate culture similar to Norway.

Incremental & radical innovation

The findings of this study indicate that incremental innovation should be integrated with the core business, while radical innovation should be separated. The existing literature in the field of CV does not (to the authors' knowledge) discuss whether what type of innovation the unit seeks to pursue affects how the ICV activities should be organized and managed to succeed. Therefore, the authors propose that further research should look into the type of innovation as a factor that determines how the parent should manage and organize its ICV unit to succeed should manage and organize its ICV unit to succeed. It seems essential to know what type of innovation the unit seeks to pursue before recommending what they should do to achieve their goals.

Structured or unstructured approach to innovation

The tendency the cases have to a structured or unstructured approach to innovation appears to be an area that is marginally explored in the current ICV literature. The authors hypothesize that this might affect the degree of autonomy that the ICV units are given. If a structured approach to innovation reduces the ICV team's degree of autonomy, it most likely is not favorable for ICV activities. Researchers should look further into if the unit should have a structured or unstructured approach to innovation, and how this affects the degree of autonomy and performance.

Evaluation systems

Lastly, the literature proposes that evaluation systems are beneficial as it enables quick decision making and makes it possible to identify the unpromising new businesses so they can be dismissed early and therefore not drain on resources (McGrath et al., 2006). The empirical findings suggest that in all cases, top managers are decision-makers when evaluating if the new idea should be devoted more resources or not. The authors have a hypothesis that too much involvement from the top management in the decision-making process limits the ICV team's autonomy, and that the top management is not always best suited to make such decisions (they are not the ones with the best insight as they do not work closely with the development of the idea). Top management should however engage with the venture team in the form of guiding and mentoring - to assist the ICV teams in the evaluation of new initiatives (Fast, 1979). The literature mentions involving a steering committee when having an ICV unit (Leifer et al., 2000), but not how this committee should work in practice. There is a balance between helping and guiding the unit and controlling and deciding for the unit, which would be interesting to explore. An interesting topic for further research is how the parent company can facilitate a more effective evaluation system - which maintains the ICV teams' autonomy through mandates while enabling efficient identification of what businesses seem promising and which should be shut down.

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Appendices

Appendix 1: Interview Guide

Background information such as name, age, experience and current job title of each interviewee was collected prior to the interview.

1 Formal Introduction

- “This is us,” a quick intro about the authors and the thesis
- Asking for permission to record and transcribe the interview
- All files and transcriptions are confidential, we will delete the files when we complete the thesis
- Data included in the thesis is anonymized, but includes gender and job title
- Do you have any questions for us before we begin?

2 Questions

2.1 Innovation in the Parent Company

1. What does innovation mean to you? Why is it important?
2. How and why did innovation become a focus for the parent company?
3. How is the innovation work organized in the parent company (on a general level)?

2.2 Structure of the ICV Unit

1. What is the purpose of having the ICV unit?
2. How is the unit organized within the parent company? (who works in the unit, where is the unit placed, how do you work with the rest of the organization, separated or integrated etc)
3. Does the unit have any goals? What are they? What constitutes success for the unit?
4. Can you elaborate on the process an idea goes through within the unit (from inception and exploration to scaling)? Examples?
5. What type of ideas/innovations is the unit working on? Examples?
6. In what way are the new business ideas related to the parent companies' existing products/services and markets? Examples?

2.3 Factors that influence the ICV Unit

1. Who works on a new idea? What is important with those people (competence, personality, experience etc)?
2. Are the top management supportive of the unit? How?
3. Is the top management involved in the unit in any way? How?
4. Do you need to report to the top management? When and how?
5. Who decides what type of ideas/areas that should be investigated?
6. How do you evaluate if an idea should be devoted more time/resources or not?
7. Who sets the unit's strategy, goals and milestones?
8. How do you get resources (money/people) to explore new ideas?

9. Does your unit have a type of compensation and bonus system when working with new ideas?
10. What do you believe is most important to succeed with an ICV unit? What do you believe are the main reasons your unit has succeeded?

2.4 Wrap Up

1. What are the biggest challenges connected to the unit? Why do you think so many companies fail with this type of entrepreneurial strategy?
2. If you were to highlight something the unit is particularly good at, what would it be? Are there any areas you believe could be improved?
3. Is there anything else you would like to add?

3 Closing questions and remarks

1. Do you have any questions for us?
2. What did you think of the interview? Anything we could have done differently?
3. Do you have any recommendations for other people in the unit or outside we should interview? May we have their contact information?

Appendix 2: First and Second Cycle codes + Themes

