



Developing an Effective Corporate Entrepreneurship System: The Case of the Robert Bosch Group

Zurich (Zoom presentation) | 01 May 2020
Ann-Kathrin Leiting, Jana Thiel, Bart Clarysse

Agenda

Case Motivation & Teaching Goals

Case Details: The Bosch Group

Teaching Approach

Q&A

Agenda

Case Motivation & Teaching Goals

Case Details: The Bosch Group

Teaching Approach

Q&A

Teaching Background and Motivation

- This teaching case introduce students to the **topic of corporate entrepreneurship** in a highly dynamic environment and in an era of increased attention to entrepreneurial approaches and **corporate attempts to mirror practices from the entrepreneurial community**.
- It addresses **typical decisions and dilemmas** faced by large companies when trying to generate and **introduce new business ideas and business models** that do not fit the core business field and could potentially disrupt current activities.
- Core difficulties raised by this case are the **cultural difference** between the established corporate culture and the entrepreneurial approach, the **structural positioning** of internal startups, and the **effective management** of corporate entrepreneurs.

Teaching Goals

1. The challenges of corporate entrepreneurship.

Students recognize the complexity to create internal startups and develop them vis-à-vis corporate practices and key constituents.

2. The difficulties of continuous corporate renewal in established industries.

Students see the challenge of creating fundamentally new products and entering new markets versus introducing incremental innovation, in particular in risk-averse industries.

3. The need to have a clear strategy to corporate entrepreneurship.

Students should distinguish between different forms and tools in CE (for example corporate accelerators and incubation programs) and understand how to leverage them, and what are the typical challenges are.

4. The tension of matching innovation management designs and tools to a company's strategy.

Students should appreciate the underlying goals behind an innovation program (HRM tool versus strategic innovation) and be able to determine implications for the choice of means.

Agenda

Case Motivation & Teaching Goals

Case Details: The Bosch Group

Teaching Approach

Q&A

Hook (Immediate Issue)

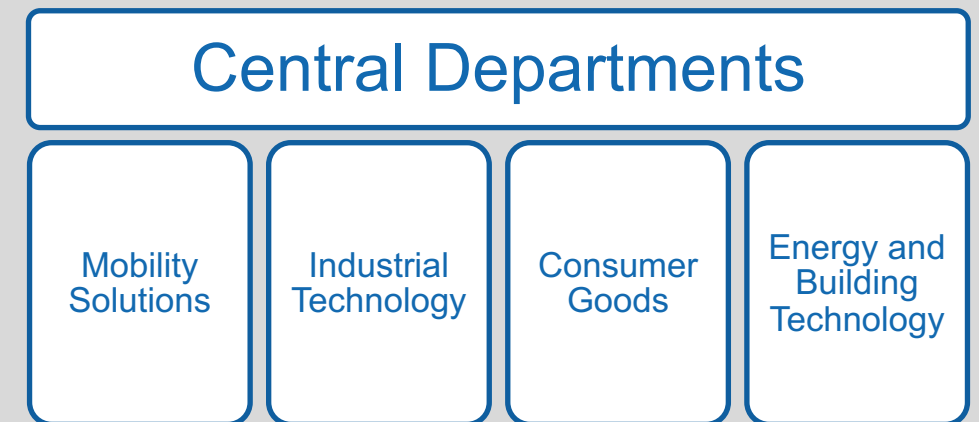
- November 2018: We meet case protagonist **Rainer Simons – Head of Corporate Innovation**
- Simons' department was a rather new, founded only in 2015 with the aim to bundle attention and resources for the **systematic development and implementation of innovative solutions and new business models**, aimed at contributing to the company's renewal ambitions
- The two central pillars – the **Bosch Accelerator Program and the startup platform Grow** – with different services and toolsets to support internal startups in their search for viable and profitable business models.
- Despite the initial excitement and overall great traction of the program, **many of the emerging entrepreneurial projects failed to garner long-term internal support and were ultimately abandoned.**

**BOSCH**

Invented for life

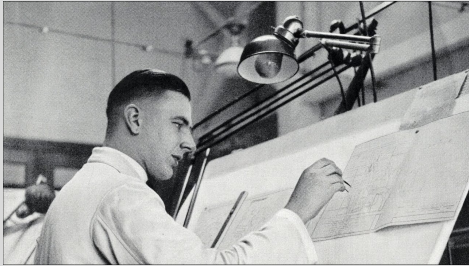
- Founded in 1886 by Robert Bosch as “Workshop for Precision Mechanics and Electrical Engineering” in Stuttgart, Germany, where it is still headquartered today.
- Presence in more than 60 countries, employing more than 400'000 associates in 2017
- Generated sales of EUR 78 billion in 2017
- High R&D intensity
- Predominant business (ca. 60%) in automotives as a tier-one supplier
- Also active in household goods and industrial solutions (packaging, construction, etc.)

Figure 1: Organizational Structure Robert Bosch Group



Publicly Available Video Materials

A Culture of Innovation – Bosch History (3:56 min)



The video shows the company's ambition for a culture of innovation. Students understand the high importance that R&D plays for Bosch.

<https://www.youtube.com/watch?v=5dEO31vjVGo>

Dr. Volkmar Denner (CEO): Shaping Change (2:21 min)



In the video Dr. Volkmar Denner, CEO of the Bosch Group explains that the digital transformation, affecting markets and competitors, represents an opportunity to shape the future. Students learn that the effects can be felt throughout the whole company.

<https://www.youtube.com/watch?v=cKsjlGZPBUG>

The Internet of Things – #LikeABosch (1:24 min)



This video presents Bosch as an IoT company with a range of connected products. The video is part of a campaign that aims at modernizing the company's image.

<https://www.youtube.com/watch?v=v2kV6pgJxuo>

Bosch Research / grow – Bosch's Startup Platform (3:11 min)



A startup owner reports about his experiences with the Grow platform. Students will see the importance that is attached to market investigation and solving real customer problems.

<https://www.youtube.com/watch?v=udmZ95pv4LY>

**BOSCH**

Invented for life

- The automotive sector, one of Germany's traditional core industries, looking at strong competitive pressures:
 - *Advances in electric cars put pressure on traditional car manufacturers*
 - *Apple, Google, etc. spending on self-driving vehicles...*
- In light of the global industrial dynamics, the Robert Bosch Group had **recognized the need for strategic transformation and new approaches to its innovative capacity.**

“By the year 2025, Bosch will be a leading IoT company where all our products exhibit Artificial Intelligence or will be designed, produced and shipped to the customer using these technologies. And innovation will play a crucial role in order to achieve those goals. On the one hand side in our core business, but on the other side also in new business fields, extending our core businesses.”

-- Bosch CTO

Bosch Innovation Framework (2018)*

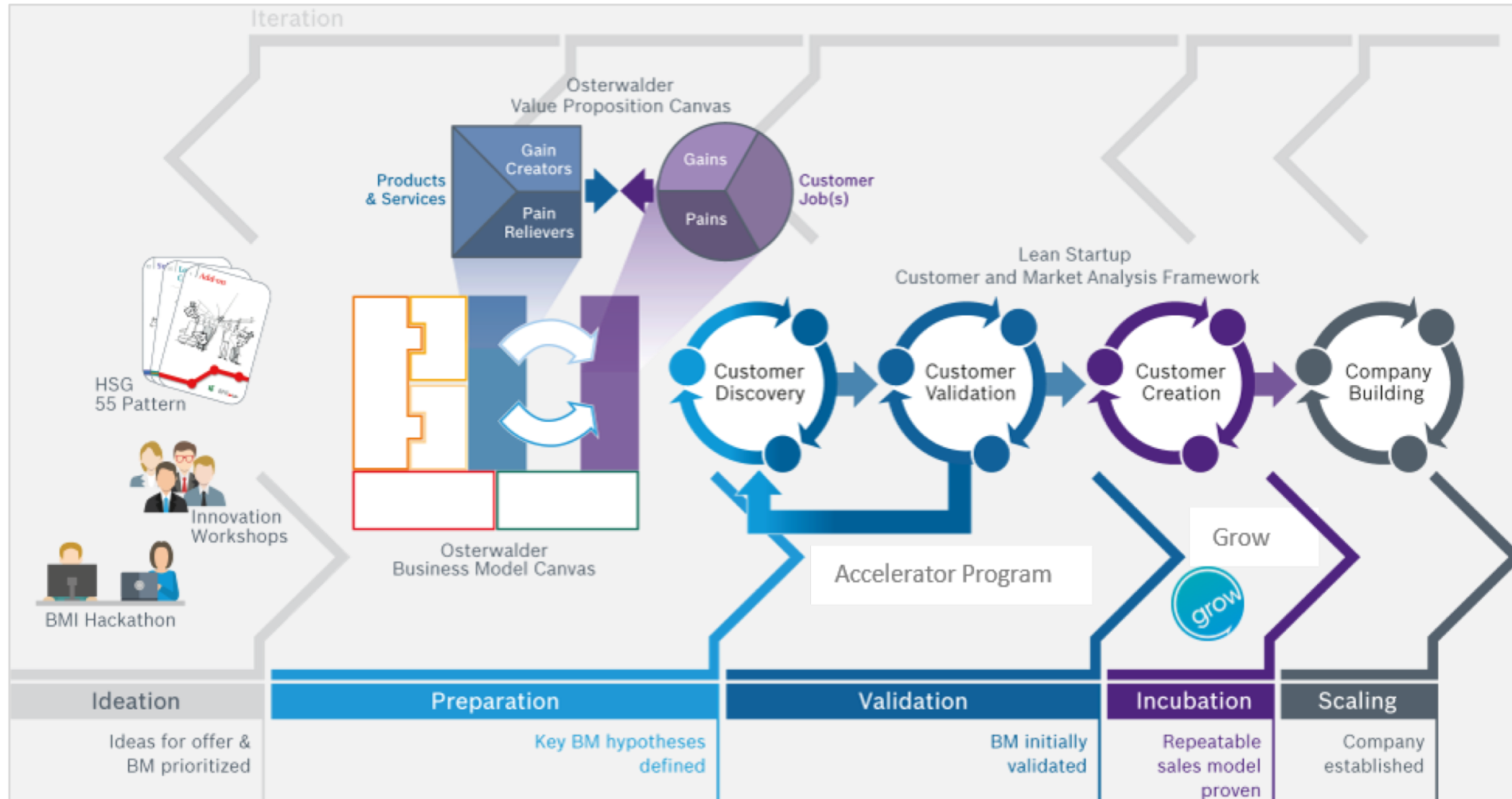
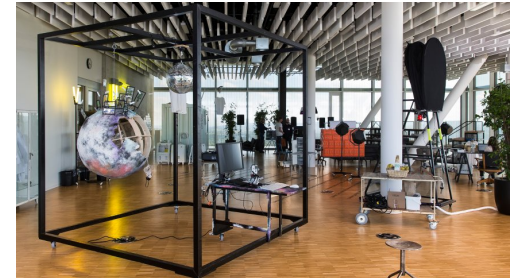


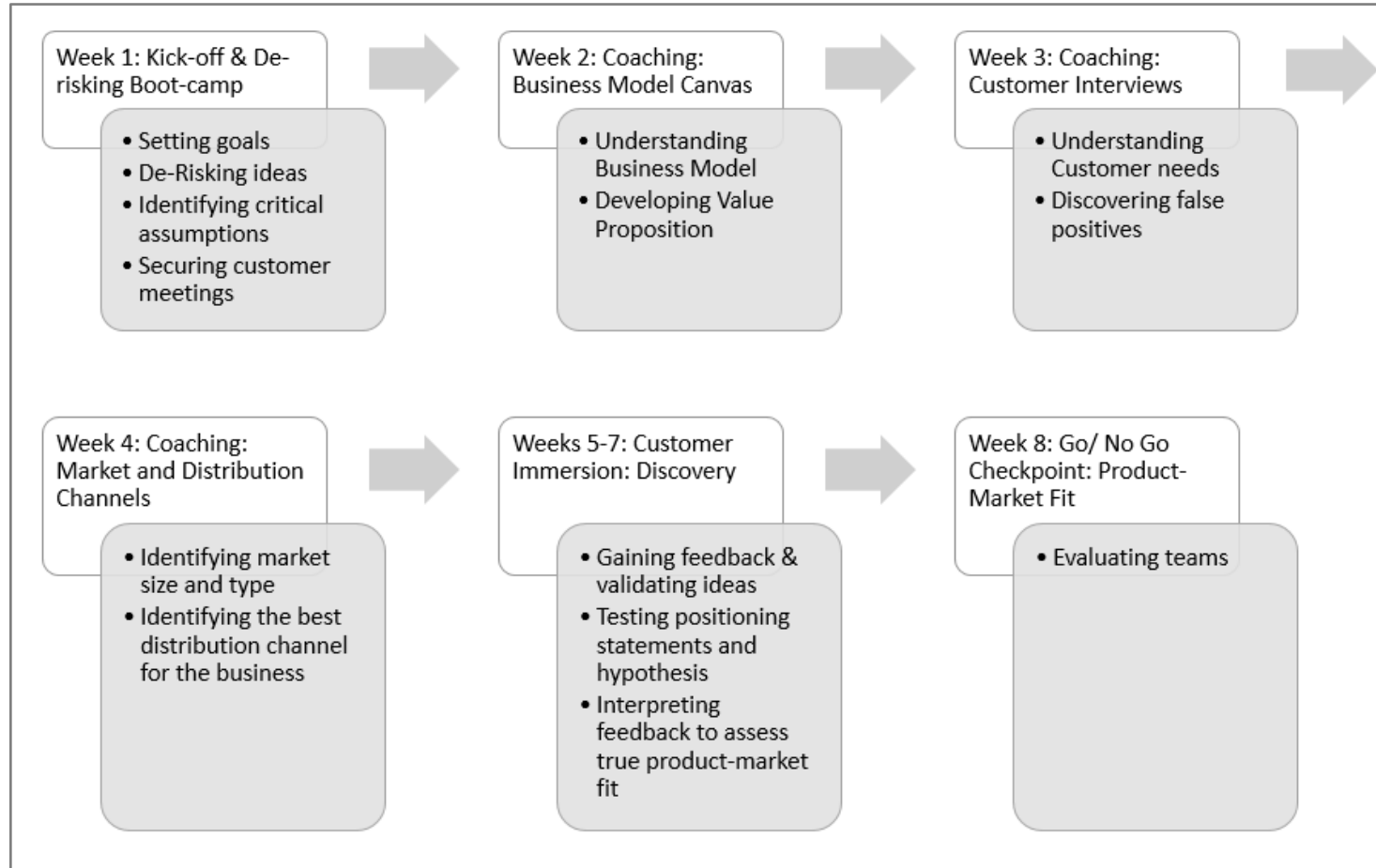
Image Source: Robert Bosch GmbH 2018. All rights reserved.

Adopted Tools from the Entrepreneurial Community

- **Platform 12:** A creative area on top of a major R&D site. Workbenches, material, and state-of-the-art technology to allow to work on own ideas.
- **(Business Model) Hackathons:** Two day events with the goal to develop new ideas for given topic. Cross-functional teams are working together on customer-oriented products; they exchange, get inspired by experts, and present own ideas.
- **Innovation Workshops:** Individually organized by departments, with a focus on finding answers to specific problems through an entrepreneurial approach.
- **Division of work time:** Employees are allowed to spend 10 percent of their working hour on ideas outside their actual job.
- **Accelerator Program:** A two phase program, based on the lean start-up approach, to evaluate the viability and scalability of a new business model. Employees are in particular asked to verify that the product solves a real customer problem.
- **Grow Platform:** An incubation platform for startups and Bosch innovation teams, offering an entrepreneurial environment and experience, knowledge and resources.



The Bosch Accelerator Program



“We will focus on more than just products. We want to encourage our associates to turn more of their attention to new types of business models. Product innovations are important, but alone won’t be enough to ensure our company’s continuing success.”

-- Volkmar Denner, CEO

- Centers on core elements of the [Lean Startup approach](#), encompassing the first two phases of Steve Blank’s Customer Development Framework
- Combines on-site support from internal business model experts with off-site support from Berkeley’s Haas Business School.

Challenges of Corporate Entrepreneurship @ Bosch

Voices of Intrapreneurs

The Case of Alpha

“We were only about to validate our business model when they already asked us to prove future revenues of 100 Mio Euro. Impossible to predict at this point in time.”

The Case of Beta

“We took the bare minimum of corporate policies that we needed to get along with the main company. We were aware that we technically worked for Bosch, but we weren't really familiar with much of its culture.”

The Case of Gamma

“There was no incubation phase planned after the validation [...] my short-term assignment for this project officially ended and I was supposed to go back to my prior job.”

“...the team was confronted with all regulations that were not designed for the needs of startups...”

Corporate Voices

Accelerator Management

“It has not been a challenge to get people to think entrepreneurially. Where we run into issues is this second step when moving from validation to incubation and then going back into the organization.”

Internal Senior Consultant

“At the end it is always culture that decides on the impact of a new business. It determines which innovations go through after all.”

Corporate Innovation

“We still have not been able to come up with a satisfying solution on how to effectively evaluate internal startups. We typically focus more on incremental innovations where we know the market, the customers, as well as the technology. In this case we can assess everything.”

The Future of CE @ Bosch?



- Ambition level of the overall initiative
- Company-wide visibility in a short time.
- Positive image and the creation of new talent
- Benchmark for other companies



- Renewal & radical innovations somewhat elusive
- Low project survival rate & lack of reintegration
- Problems with program coordination
- Difficulties to measure financial results

The Future of CE @ Bosch?



- Ambition level of the overall initiative
- Company-wide visibility in a short time.
- Positive image and the creation of new talent
- Benchmark for other companies



- Renewal & radical innovations somewhat elusive
- Low project survival rate & lack of reintegration
- Problems with program coordination
- Difficulties to measure financial results

What is the best way forward from here?

Agenda

Case Motivation & Teaching Goals

Case Details: The Bosch Group

Teaching Approach

Q&A

Audience & Reception

- Particularly suited for MBA and MSc students in entrepreneurship and innovation specializations. The case is likewise suited in executive programs.
 - Students appreciate a look at innovation and strategy outside of popular and widely used “media darlings”
 - The case setting of a traditional large industrial company resonates with the daily experiences of many MBA students and executives.
- Previously tested at
 - *ETH Zurich, Switzerland*
 - *Imperial Business School, London, UK*
 - *Denmark Technical University, Copenhagen, DK*
- Typical courses include Innovation Management, Corporate Entrepreneurship, Innovation Strategy, and Management of Technology. General knowledge on entrepreneurship and/or innovation is recommended.

The case allows for flexible angles on the topics raised

1. Analysis of contemporary corporate innovation and entrepreneurship phenomena:

- a) Including employees in “bottom-up” innovation and entrepreneurship initiatives, and
- b) Borrowing tools and methods like lean start-up and accelerators from a professionalizing entrepreneurial community, in hopes to run innovation differently and more effectively.

The case stimulates engaged discussions of these approaches and their ability to contribute to the ambitious expectations often associated with such initiatives.

2. Deep-dive into related areas and discuss newer research:

- a) Opportunities and limitations of lean start-up-inspired business experimentation, and
- b) To what extent the presented initiatives truly enable corporate renewal, taking into account that corporate culture is often a major constituent in corporate transformation and not well represented in the presented entrepreneurial tools.

Example: How to bridge between the Corporate & Entrepreneurial World?

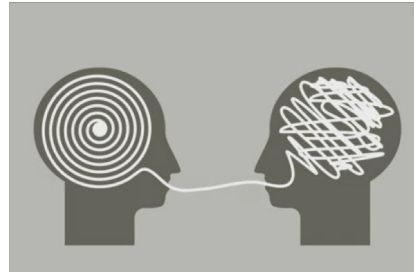
Bosch Company Logic

Corporate
Family

Automotive
Supplier

Engineering
Profession

Large
Corporate



Entrepreneurial Logic

Ecosystem
focus

Scientific
founder
method

Smart resource
“management”

Individual drive
& vision

Further Discussion: Leiting, Clarysse, & Thiel. 2020. Successful Corporate Entrepreneurship: A Process of Acculturation Into Corporate Logics. *Accepted for Presentation at the Academy of Management Conference (Best Paper Proceedings – TIM Division).*

Case Contact & Access

Ann-Kathrin Leiting

PhD Candidate at ETH Zurich & Robert Bosch GmbH

akleiting@ethz.ch

Dr. Jana Thiel

Senior Researcher at ETH Zurich

jthiel@ethz.ch

Prof. Bart Clarysse

Chair of Entrepreneurship, ETH Zurich

bclarysse@ethz.ch

www.entrepreneurship.ethz.ch

We are in the process of registering the case through

www.TheCaseCentre.org

Materials that will be available:

- A - Case (18 pages)
- B - Case (4 pages)*
- Teaching Note (19 pages)

**Currently awaiting the B-case release, so we hope that all case materials will be available through thecasecentre.org by June*

Agenda

Case Motivation & Teaching Goals

Case Details

Case Details: The Bosch Group

Q&A



Thank You!

Zurich (Zoom presentation) | 01 May 2020
Ann-Kathrin Leiting, Jana Thiel, Bart Clarysse