

7 benefits of venture building explained by experts

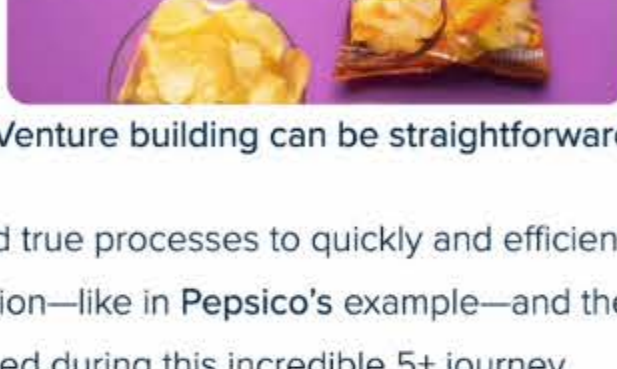


Madrid, 10 de noviembre de 2022

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Doritos and Tropicana. Quacker and Gatorade. What do these products have in common? These days we don't think twice about PepsiCo selling snacks and functional beverages outside their signature soft drinks, but it represents one of the best and most straightforward examples of venture building within an established corporation.

Talk about covering all your bases and then some.



Venture building can be straightforward.

At Byld, we have developed tried and true processes to quickly and efficiently implement corporate innovation that facilitates sustainable diversification—like in PepsiCo's example—and there is nothing we enjoy more than sharing the knowledge we have gained during this incredible 5+ journey.

This month, our CEO, Adrián Heredia, took part in a Round Table with leaders in the global venture building ecosystem. They discussed VB (Venture Building) and CVB ([Corporate venture Building](#)) as models for corporate entrepreneurship.

As has been proven time and again, the perks of implementing these strategies far outweigh the risks, and below, you will find a detailed list of its main benefits.

Is this the first time you have heard of venture building?

To begin, it's wise to revisit this concept's definition. Big corporations usually lack the flexibility, capabilities, or resources to act fast and tackle new ideas and markets. This lack of dynamism is why, in later years, it's become common for them to lose territory to newcomers and startups. Here is where venture builders step in.



VB studios often execute better (...) they can be more effective than the average founder because they have experienced founders (in their studio) and they have created tested and repeatable playbooks.

Andries de Vos

A venture builder is, in the words of Andries de Vos, CEO of Slash, an organization that co-founds, invests, and builds new companies. We achieve this by using either our or a third party's services, a model we repeatedly implement to develop scalable businesses and capital-efficient funds.

According to Jordan Schlipf, CEO of Rainmaking Venture Studio, corporates can reach out to Venture Builders when trying to enter new strategically relevant areas of growth that sit outside their core business competencies.



The venture needs to have a clear investment case (because it will contribute significantly to create profits on a standalone basis) and it needs to have a clear line of sight of how it leverages the scale strengths, assets, and capabilities of the corporate partner.

Jordan Schlipf

Venture building is a problem-solving model



As stated by Andries de Vos, one of the main issues we solve is ideation and concept validation processes being usually very limited or carried out randomly. If you work at a large corporation and set out to develop a new business concept, the first step would be to appoint a group of employees to the task. Will they oversee it full-time? Or will their minds and time also be consumed by responsibilities outside of the intrapreneurial project?

Even if they are focused solely on this project, do they have years' worth of experience in ideating business opportunities or are they up to date with the latest methodologies in concept validation? These are the most crucial processes at the beginning of every innovation enterprise and the ones to make or break it.



Even the mightiest can fail.

The Google Glass debacle seems to have been one such case in which an idea failed at its core: it forsook its target customers' needs and concerns. In hindsight, it's surprising they failed to consider the issues around usability, functionality, security, and even health concerns. While developing their product, they, no doubt, had the brightest minds of Google working nonstop on what they believed would revolutionize an industry. Nevertheless, its launch was underwhelming, its sales almost non-existent, and the product has all but disappeared to this day.

No company can succeed if it doesn't have a clear view of its client's needs and the issues it aims to solve for them, not even Google.

Another problem venture builders address is that team building within a corporation is, more often than not, driven by chance. When developing an idea, the appointed team will usually be comprised of the employees with enough time and resources at their disposal, but not necessarily the better-suited ones for the job. Also, not every company counts with talent specialized in business creation and development.

Finally, there is the issue of the limited funding available for the early stages of business ideation. A company whose core operations don't involve venture building will underestimate the cost of ideating a successful new business. This initial investment will, of course, return in heaps if the project succeeds, but without the necessary knowledge and resources, there is no credible way of backing this up.



There is no better launchpad (for a venture) than a big corporate. If you combine both strengths (corporations and venture builders') you are able to create big things in a more cost-effective way.

Jędrzej Iwaszkiewicz

How do we achieve this? Jędrzej Iwaszkiewicz, a co-founder of The Heart, states that venture builders bring to the table unique capabilities that complement corporations' strengths. These capabilities include but are not limited to speed and agility, a tech-driven focus, less regulation, structure, and political constraints in their processes, access to unique talent pools, and having all the resources needed for these types of enterprises under one roof.

Is your company ready for venture building?

When asked about the topic, Adrian Heredia listed the three principal requisites for a company to adopt a venture building initiative:

1. They are committed to the project.
2. They have enough resources to see the venture through to the end of the process. We're talking about the money needed to identify, validate and launch any venture.
3. They are willing to invest and wait out the 6 to 18 months it takes, on average, to implement it. This is crucial, since creating a new business is not something that brings relevant results—relevant enough to affect the corporation's P&L—in just 2 weeks.



Many companies want to grow inorganically. Corporate Venture Building is not about that (...). The corporate has to be aligned (with the project's concept and development process).

Adrián Heredia

Benefits of the model

1. Corporations can leverage their strengths.



You cannot become a giant by doing more of the same.

Big corporations are able to take the form of launchpads for new businesses. In this way, they can take advantage of all that they already own, the fair advantages they have garnered over the years: assets, infrastructure, brand equity, credibility, and know-how, among many others. A company that excelled in this regard is Amazon. In 2002, it launched Amazon Web Services, a cloud-computing web service distribution company that helped monetize the cloud infrastructure it had already developed.

2. Corporate challenges are transformed into venture ideas.

With adequate guidance, internal challenges can be turned into opportunities. The challenges that can be addressed range from simple and operational, to regulatory challenges, to value-chain related. An example of the latter is Coca-Cola building Wonolo to solve their short-term staffing needs, and now they cater to all companies and industries facing the same issue.

3. Founders receive all the support needed from day 1.

This is not the case during the beginning of most startups or internal venture initiatives. When joining forces with a venture builder, the founders or leaders of the project will receive all the professional, specialized help they need during the validation and ideation stages, when looking for financing, when establishing and launching, beginning operations, and beyond.

4. Proactivity in the search for opportunities.

Venture builders have specialized in generating venture ideas and building perfectly fitting teams where there are gaps in the market. These opportunities are not that easily identifiable to the untrained eye.

5. It is very inclusive.

Corporations, NGOs, governments, civil society, and private equity can benefit from venture building initiatives. For example, the British government has launched several corporate venture building programs in countries like Kenya to drive development and help companies diversify and reach new markets.

6. Venture building experts are more efficient.

Venture builders have experienced founders in their teams. They also own tested and repeatable playbooks that help them reduce risks and optimize time and money management.

7. It is result-oriented

Corporate venture builders such as Byld have skin in the game when developing new businesses. We have stakes in all projects and undertake financial risks because we act as investors and co-founders. We choose to work in this way because the incentives for everyone involved are better, and it, thus, becomes a win-win situation.

So, is it worth taking a risk?

If your company has reached a level of maturity and has resources at hand, it should begin adopting strategies to reduce risks. Namely, the risks of becoming stagnant and being surpassed by more flexible and innovative competitors. It could very well happen at any given time.



Diversify or perish.

If you wish to scale your operations and boost growth, bring in additional revenue streams, or optimize costs, you can share the risks of tackling such challenges with an experienced venture builder. Not only will you decrease the time, money, and effort a corporation usually needs when launching a venture, but you will also gain invaluable knowledge and experience while accessing a unique talent pool and financing and scaling opportunities.



At Byld, we work tirelessly to improve the chances of success of every business idea we embark on and to make the founders' journey as frictionless as possible. Over the years, we have developed a bulletproof methodology to identify, validate and launch new ventures, all while reducing risks for our corporate partners and ourselves.

The results companies such as ours achieve speak for the success of the venture building model. The upside is that prospective corporate partners don't need to have previous experiences in intrapreneurship and innovation—we will work to leverage their advantages in the best way possible while walking them through every step of the process.

"From nothing to a new venture" isn't just a nice phrase but a part of our DNA and value proposition. Don't hesitate to visit our [cases](#) to read about our current and past projects or reach out to us if you wish to learn more about our credentials, or discuss a potential partnership!

Stay tuned, we'll tell you everything in a Blynk!

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