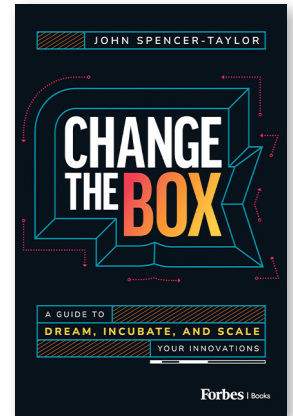


Change the Box

A Guide to Dream, Incubate, and Scale Your Innovations

by **John Spencer-Taylor**



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THE SUMMARY IN BRIEF

Innovation is a thrilling yet complex endeavor. While great ideas can spark change, executing them successfully requires discipline, focus, and strategic decision-making. Many organizations struggle to balance creativity with business viability, often finding themselves overwhelmed by too many projects, undefined processes, and a lack of alignment.

Change the Box: A Guide to Dream, Incubate, and Scale Your Innovations offers a structured approach to innovation, helping organizations refine their ideas, validate their feasibility, and bring them to market effectively. The book provides actionable frameworks to evaluate and prioritize innovation efforts while maintaining agility and adaptability. Through principles like setting constraints, selecting the best ideas, and creating a culture that embraces smart risks, businesses can foster innovation without sacrificing operational efficiency. Author John Spencer-Taylor presents a blueprint for companies to optimize innovation while maintaining focus and delivering value to customers. With the right processes in place, innovation becomes not just a possibility but a sustainable practice that drives meaningful growth and transformation. The book serves as a guide for leaders and innovators seeking to refine their approach, ensuring that every idea pursued has the best chance of success while contributing to overall business goals.

IN THIS EXECUTIVE BOOK SUMMARY:

- Bring innovative ideas to life using the Change the Box framework.
- Learn why constraints fuel innovation rather than limit it.
- Discover the three stages for managing innovation effectively.
- Foster a culture of smart risks to drive sustained innovation.

Introduction

The start-up world is all about ideas. Big ideas. The more audacious, the better. Entrepreneurship attracts people with vivid imaginations, who can see solutions to problems - sometimes because those problems are obvious to the broader public.

Big ideas are great. But vision alone isn't enough to sustain a start-up. Consider the statistics of businesses that don't make it: data from the US Bureau of Labor Statistics suggests that approximately one in five businesses fails during the first two years. Especially in technical fields, the gap between innovator and consumer can be tough to bridge, and equipping technical visionaries to integrate business viability isn't always easy.

On one side, you have research and development (R&D) eager to innovate without necessarily considering the business implications. On the other side, you have the business-minded leaders of the organization, who appreciate the talent of their R&D teams but may struggle to understand their priorities that often focus more on maximizing innovation than maximizing profits.

I've been a part of these kinds of discussions, balancing the two viewpoints, hundreds of times. Full transparency: I often have this debate internally, balancing my love of technological innovation with my role as CEO of BrainGu, a software innovation lab.

Brain Gu's overarching mission is to dream of, incubate, and scale dual-use technology platforms that unlock innovation. BrainGu makes software for teams that make software, empowering innovation and rapid software prototyping for customers in highly regulated industries.

Over time, we've learned to nurture imagination within limitations - and that's been the sweet spot of our success. That is what this book is all about. By balancing creative zeal with analytical discipline, Brain Gu was able to rapidly scale, transforming from a fledgling consultancy to an exemplar of high-growth innovation led by products, not consulting.

The Innovator's Dilemma

The very first product BrainGu tried to bring to market ended up being shelved. We spent months developing this cryptographic key management software, building our prototype, and testing the market. We used the technology internally, and we loved it (and we still use it). But the market didn't love it as much as we did.

We were targeting non-tech companies where software was a secondary concern. They were looking for something simple and straightforward - a ready-to-drive car with all the safety features already built in. That's not what we were offering; we were just offering the safety components: antilock brakes, airbags, collision avoidance, crumple zones, and safety belts.

We tried to sell the product but it didn't stick. And then another company came onto the market with essentially the same product, except they released it as open source. So that would have completely gutted the company if we had decided to base our entire business on that idea. Luckily, we hadn't gotten that far yet, and when their product released, we decided to stand down. We shelved ours.

Those three little words can't fully encapsulate the gut punch of that decision. We had taken an idea we believed in from concept to reality, and in the process, had fallen in love with our creation (as innovators tend to do). However, we also recognized that it was OK to end the relationship there. We still had work we were proud of. We just had to be pragmatic about whether or not to bring it to the world. In this case, it was a no.

I like to summarize the problem thusly: "When you can do anything, what do you do?" And the harsh reality is that you cannot do everything. At BrainGu, we have had to learn that lesson over and over. We still have to learn it today. We love ideas. But you can't make money on an idea alone. You have to implement that idea in an execution phase, followed by a production phase. You need to capture that idea in a way that someone else can take it and use it to make their problem go away - because the whole point of innovation is to solve a problem for someone, right? Having an idea about how to solve a problem and actually solving it are two very different things.

Constrain and Collapse

Change the Box— the BrainGu company mantra— involves fostering innovation within constraints through strategic frameworks, while instilling a culture of accountable autonomy that empowers innovation.

The constrain component of Change the Box involves applying top-level constraints to the innovation process that reflect your business objectives. You name and define variables, and then periodically step back to review and answer questions and assess those variables.

Life isn't a whiteboard; implementation isn't instantaneous. The idea that is formed in moments with a dry-erase marker takes weeks, months, or even years to realize off the board.

The collapse component of Change the Box involves determining which ideas are worth moving ahead with (again, considering your business objectives). Only the very best can proceed to the next round of innovation. The model can be described as a sorting funnel that brings everything together and then sorts it out into proper buckets. The top of the funnel basically ensures everybody is going from the same book, metaphorically speaking, while the bottom of the funnel gets more specific, making sure everyone is on the same page of that book.

From this sorting funnel, five possible end states emerge:

Shelve: The project doesn't have enough value at this time to move to the next stage, and there is no further funding to be allocated.

Divest: The project is valuable but cannot fit into the current business model, and the IP should be sold to an appropriate party to take it forward to market.

Merge: This project is not addressing a large enough opportunity but could improve the value of an existing capability.

Diverge: The exception to the rule. Every so often, some project will truly diverge from all existing business capabilities and provide a significant new value to your market. This should be approached cautiously so as not to distract the company.

Proceed: This option is rare. It should be pursued only with a high degree of scrutiny and should never be considered the default choice.

At Brain Gu, we have amazing technology sitting on the shelf that I think could absolutely change the market. However, the market isn't ready for it. You can't get customers to pay for a solution to a problem that they don't yet understand they have.

If you've got an innovative team, you've got so many smart people who you can lean on, which is amazing. But you have to use them for things that are going to generate you the most revenue while simultaneously balancing, not stifling, their creativity. The process of shelve, divest, merge and diverge is one of the ways we've managed to do that at BrainGu.

Creating Focus with Constraints

To a lot of people, constraints imply limitations. For innovators who are looking to exceed limitations and push boundaries, that can be a petrifying thought. But I think limitations can actually be assets for sparking ideas – not to mention for creating strategic focus amid the chaos that often accompanies innovation. The truly innovative do the best work with one hand tied behind their back and on an impossible deadline.

At BrainGu, we'd have these free brainstorm sessions in front of whiteboards to discuss the different ideas swirling around us. We'd let ourselves get swept up in each tornado of ideas, disregarding the potential damage that might result, and when we were really excited about an idea, we'd start prototyping it. At first, those tornadoes were exciting. Seeing a funnel form overhead, the clouds black and swirling in a slowly emerging cone, is a wild adrenaline kick – if you've ever seen it, you know. A tornado is an awesome force of nature. But it can also be wildly destructive.

When the rubber meets the road, and you have a limited number of resources – coupled with a lack of overall focus – reality sinks in. Life isn't a whiteboard; implementation isn't instantaneous. The idea that is formed in moments with a dry-erase marker takes weeks, months, or even years to realize off the board. As you get a little bit further down the calendar, you find that you've done the first 20 percent of twenty different projects.

We at BrainGu have always been big thinkers who love big ideas. But the newness and fun of creating things and chasing ideas wear thin when you realize that your ideas will go nowhere. Part of what makes innovation fun and exciting is the premise that you will create something that other people will also get excited about. We had ideas that we were excited about. We'd identified particular problem spaces and imagined what the solution spaces could be. But the imagination alone isn't enough to create the solution space. Realizing an innovation could be a game changer for a specific set of stakeholders isn't enough. The stakeholder has to realize it too – and that requires way more than simply creating the solution.

To be blunt, it took us years to realize this. Now we know that we need constraints that will continue to facilitate innovation but will hold us accountable to creating value that grows the company and creates capacity.

By now (a mere ten years since its inception), BrainGu's vision is clear. We help organizations whose number-one job is not software to modernize and secure their critical systems into the future. We imagine solutions for highly regulated industries, believing that advanced technology and bureaucracy don't have to be enemies.

This simplified narrative is itself a constraint. It's the overarching constraint that will help guide all your other experiments and innovative efforts. Hang on to it as tight as you can, because it's going to keep you from getting swept up in the bone-crushing winds of too many thought tornadoes.

In an innovative organization especially, leadership is particularly tasked with keeping the big picture in mind. Discipline and accountability are critical to making constraints actually work for you. Mapping out some constraints on paper isn't the same as actually enforcing them. Innovators who are in the tornado of experimentation and iteration are not always going to think about the business value.

Wearing the hat of innovator and CEO, it's on me to always keep that business case in mind and to remind others of it when necessary. This has added up to fewer wasted resources and more dedicated focus on innovations that actually serve our customers.

Only the Best Proceed to the Next Round

Not every idea is worth pursuing, even if it's a great idea. The constrain-and-collapse approach of the Change the Box model enforces a strict premise: only the best ideas proceed to the next round. What's "best" means coming back to your overall business objectives.

Most of the ideas we discuss at BrainGu end up in one of the four buckets: shelve, divest, merge and diverge. Very rarely does something get the "best" designation and proceed. How do we decide?

First, I should clarify that we don't typically have pre-weighted go or no-go criteria. When we do have a conversation where we have criteria and an ability to score or prioritize it, we tend to think of it in terms of conditions of satisfaction— what requirements must we satisfy for custom-

ers in order for them to feel like our products have delivered what they need or want?

First, putting aside the idea, we establish the conditions of satisfaction by working out a list of the key value propositions we're trying to create. It's important in this step to separate our love of the solve from the challenge being addressed. Then we'll imagine how we might measure what "good" looks like for each of those. From there, we bucket those into a neat three to five top value/measure pairs— our conditions of satisfaction.

Looking at our conditions of satisfaction, we then bring back in the idea. We carefully match components of the idea to the conditions of satisfaction, constructing a positive case for why the idea is a great fit. Any perceived value of an innovation that cannot be linked to a condition of satisfaction— its cleverness, our passion, its uniqueness, or other internal bias— falls away. That's the constrain step.

For us, these criteria help determine whether or not to move forward with engaging a new class of customer or exploring a cutting-edge technology. Is it going to require Herculean effort to do so? Or is it in line with the Change the Box approach of menial change, maximum impact? Ultimately, it's about identifying where the center of gravity is and then using that gravity in your favor to help create impact and value.

Each situation is unique. Constraints like time, money, people, compliance, and technical feasibility will vary for every industry. From the context to the people around the table, there will be differences, so a measure of subjectivity is inevitable. There isn't a mathematical equation of $X + Y = Z$ that we can use every time. Plus, if we were using a mathematical equation and scoring things, we probably would not get a chance to exercise that creativity that remains the heart of our company.

The more rigorous you are in your innovation process, the more you'll get to emerge from the darkness and hold your creation up to the light for someone to see and say, "Check it out. Look what I made." That means you will get more of that innovator's joy. Without that, the best innovative organizations wouldn't exist.

Dream – Incubate – Scale

Innovation is a complicated beast. It's exhilarating to watch it run free— but the real rewards come when you harness all that wild, creative energy. Only when you tame the beast are you able to intentionally, incrementally scale up.

Innovation is a complicated beast. It's exhilarating to watch it run free— but the real rewards come when you harness all that wild, creative energy.

The problem is that scaling isn't inherent to innovation. On the one hand, innovation doesn't scale. On the other, top-down command and control do not innovate. With the two being diametrically opposed, you must carefully transition any capability through its innovation stages, passing through controlled gates that are recognized and well understood by the organization's people. In this way, you can maximize innovation or scale as best fits the maturity of that capability.

At BrainGu, we've broken out the process into three overarching steps: Dream, Incubate, and Scale. By mapping such intentional stages, it's possible to move from structured tinkering to incubation to disciplined scaling. However, each of these stages of innovation is unique. You can't treat the experimental Dream stage the same way as the more focused Incubate stage or the rigorously repeatable Scale stage.

The dream stage is what makes any innovator's heart tick a beat faster. It's all about wild experimentation, ideally with calculated risks. Dreaming means challenging assumptions. This is how wild ideas become nascent unpolished capabilities. At BrainGu, Dream is the stage that most encourages calculated risk-taking and drives advancement by prioritizing experimentation. The team is empowered to try new things, challenge the status quo, and push the boundaries of what is possible— to question the impossible. Is it really impossible?

Eventually, we add the Incubate stage, our transitional step between Dream to Scale. This stage is all about testing and validating with customers. For BrainGu, it consists of controlled iteration in real-world circumstances with real customers. In the Incubate phase, you find some customers who have the problem you're seeking to solve, and engage with them— for example, by bringing them some kind of prototype. Often, it's through customers using a product that you will see how to improve it.

Once you've found that product-market fit, there's the next stage: go to market. That's when it's time to scale up, at which point the scales balancing business versus technical consideration tip in the favor of business. The Scale stage is when you turn the dial way up on the business side of the equation, and the technical side takes the back seat.

Once you reach Scale, you cannot innovate aggressively, because your customer already has the solution, and you can't disrupt that for them. They've bought something; now they're looking for predictability and consistency. They're not interested in innovation.

One of the biggest risks in a stepwise process like Dream, Incubate, Scale is staying too long in a phase. If you get too comfortable in a certain stage, you are never going to achieve the end objective, which is to create value— by which I mean value for the consumer but also value for your company, because value translates to money, and money is what funds innovation in the first place. If you want to get more ideas to the Dream Stage, you've also got to Incubate and Scale the older ones.

While Dream, Innovate, Scale might work for me and my organization, that doesn't mean that it's right for you and your organization. Whatever approach you take to innovation in your organization, leadership will play a pivotal role in both designing and implementing it. You can't just define a process. You have to create the culture.

Leading a Culture of Smart Risks

To prepare for the Scale stage, we scaled up our people. We build out our executive team as well as our frontline staff. This growth continued exponentially for the first couple of years. Because we were in a state of hyper-growth, we were essentially building the bridge while riding the bullet train across it.

We wanted to create a culture of smart risks, because we believe innovation requires a focus on end goals balanced with the freedom to experiment—and experimentation is inherently tied to risk. However, if we were going to achieve that kind of culture, we needed to establish a foundation of trust. It was on us as leaders to promote smart risk-taking balanced with accountability.

Tackling the culture breakdown at BrainGu meant addressing insidious nuances— tiny differences that didn't seem like a big deal but that were actually breeding miscommunication

and, in turn, misalignment and tension. We had to start with the basics and establish a common set of language, tools, and concepts to converge around—centers of gravity that could ground us all. Such consistency was the difference between one single team on the journey to solve a problem together and being a group of people who have similar goals.

In the bigger picture, we also had to give everyone a more well-defined vision to coalesce around. It's important to define success precisely, so people can see the direction to go in. A clear, articulable vision and strategy narrative is the biggest center of gravity in your organization. That clarity of vision minimizes miscommunication and maximizes trust. And without that culture of understanding and trust, you just aren't going to get far. There's the saying that "Culture eats strategy for breakfast," and it's so true. If your organization is culturally dysfunctional, no strategy can truly thrive.

Architecting an Innovation System

After years of ups and downs, including many tough decisions, BrainGu had made the desired pivot. We'd firmly left behind the consulting work we used to rely on financially and were focused on the software platform we had built. Millions of dollars of new business were flowing in, and new customers were signing contracts left and right. Sounds great, right? Unfortunately, beneath the bright, shiny surface, things were starting to rot.

BrainGu has always had talented people. But talented people alone can't sustain an organization. For longevity, you need to embrace tools just as much as you embrace talent. You need to architect an aligned innovation system that works for you, not against you. Otherwise you risk losing focus.

In BrainGu's case, the issue was that we were letting customers bully us into delivering unique customizations that were unsustainable—and sapped our focus, once more. We knew that if we were going to sustain our focus and move ahead as a single, unified organism, we had to create a clearly focused innovation system. We already established the value of having a clearly defined end point when it came to weeding through early innovation ideas. Now we needed to become more intentional about how we moved from ideation to end point.

Today, BrainGu relies on a series of multilayered cycles to move our work forward in a focused way, creating a sort of telescoped calendar of objectives and tasks. We have our overarching vision, the BrainGu mission, which can look as far ahead as ten, fifteen or twenty years. Then we have a five-year strategy that we run as a company, which is further broken down into annual strategies.

This time-based approach to innovation helps us stay on track. We still leave time for the whiteboard scribbling and "mad scientist" brainstorming. But we are consistently reminded of the end goal through reiteration of our annual, five-year, and long-term strategies, ensuring a value-driven approach. We are moving along— but always according to our objectives.

Nothing is truly sacred in innovation. You're inherently disrupting. Just be intentional, strategic and thoughtful about what you are disrupting, and make sure that your disruptive energy is spent on things that create new value, not disruption for disruption's sake. That's how you'll ultimately achieve that often-elusive dream of all big-thinking innovators — changing the world.



John Spencer-Taylor, known as "Spence," has a diverse background in business intelligence, financial systems, and cybersecurity. His journey into the tech world began with a focus on data analytics and automation, leading to various R&D roles in both offensive and defensive cyber realms. In 2012, Spence co-founded BrainGu, a company dedicated to solving complex problems at the intersection of data and cyber. Today, BrainGu builds platforms that enhance innovation efforts in industries ranging from energy and finance to national intelligence and defense. As CEO, Spence combines his passion for creative problem-solving with a broad technological expertise to drive BrainGu's success.

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