

# THE FUTURE IS NOW

If you are waiting for innovation inspiration, you are already losing.

BY KATE ROCKWOOD

PORTRAITS BY  
SAVANNAH MEIKAMP

**W**hen Jeff Broin was 22, he moved to the tiny town of Scotland, South Dakota, USA when his family bought a bankrupt ethanol plant. Having only produced ethanol on a small scale on his family farm, his initial goal was modest: Earn enough to feed his family. Beginning small, with 1 million gallons annually in the late 1980s, Mr. Broin grew his operation into Poet, the world's largest biofuels producer (annual production: 2 billion gallons). It is now the largest company by revenue in South Dakota.

"I quickly started to see there was an opportunity in biofuel to help farmers worldwide create a market for their surplus grain," Mr. Broin says. More than 30 years later, the vision that sustains his approach to leadership and innovation remains unchanged. It is a vision



Jeff Broin, founder, chairman  
and CEO, Poet

that looks beyond immediate targets hooked to annual growth and market expansion.

“I want to leave the world a better place than I found it,” he says. “My children are getting to the age where they are going to have children of their own. I want them to have the same opportunities that I had and to have the same planet to live on.”

Its mission to improve the world may be Poet’s most important asset, fueling what Mr. Broin terms a “David and Goliath” battle with Big Oil. It has inspired the company to take big risks and embrace new technologies. The future-oriented approach has paid off as bio-fuel markets have ballooned, but Poet has also branched out into cooking fuel, carbon capture and even asphalt rejuvenation. In 2019, the company was named to *Fast Company*’s World’s Most Innovative Companies list and *Fortune*’s Change the World list, which recognizes companies meeting society’s unmet needs. Both publications noted Poet innovations like JIVE, a plant-based asphalt additive that allows producers to use more recycled asphalt, enabling cheaper and greener products.

Poet’s success has been driven by the ability to create new markets for corn and other grains. In an increasingly winner-take-most economy, such a thirst for innovation has become table stakes. Executives must ensure their organizations stay ahead of waves of change and transform in the right ways at the right time. With climate change, trade wars and powerful new technologies (such as AI) in the mix, new avenues for growth are opening and the costs of inaction are rising.

When the 2010s began, the world’s 10 largest public companies were each worth less than \$400 billion, were spread over five nations and included only two tech firms. Today, the top 10 are located solely in China and the United States, most are in tech and several



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—Deborah Ancona, professor at MIT Sloan School of Management and founder, MIT Leadership Center

have exceeded \$1 trillion in value. Corporate leaders are learning that the spoils go to the nimble—those who embrace bleeding-edge tech and agility.

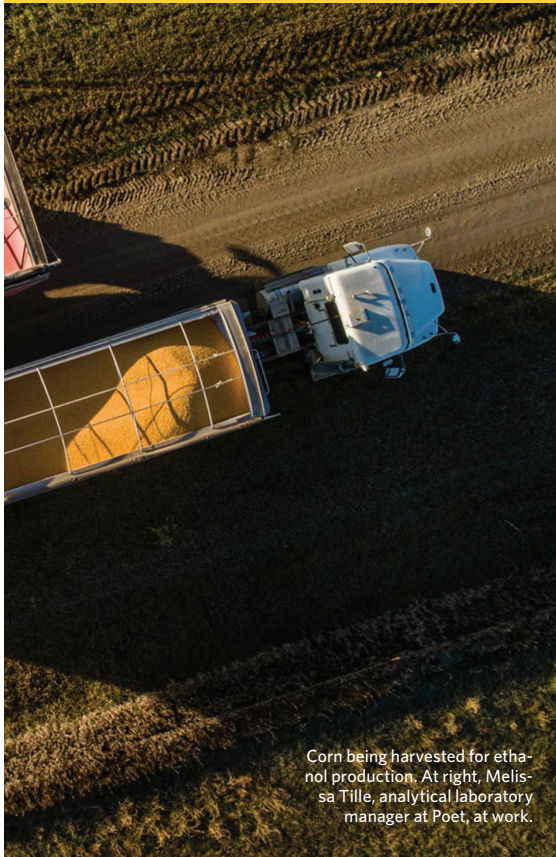
### Fueled by Passion

For those looking to become GameChangers, Mr. Broin shares a simple piece of advice: Hire those who share your passion and tenacity. “That’s the No. 1 trait we’re looking for—people who want to make a difference in the world,” he says. “We need people who don’t quit when the going gets tough.”

Without passion and tenacity, Poet would not have embarked on a multiyear initiative to develop a new technology that produces ethanol biofuel from a blend of enzymes rather than heat. The process is much more energy-efficient than traditional methods, producing a higher yield, and is also more environmentally friendly.

But it took considerable dedication to build the technology and make it profitable. “We lost significant money learning how to run it for an entire year,” Mr. Broin recalls. “I remember being eight months in and thinking, ‘Wow, do we have to pull the plug?’ But we gutted it out and perfected

PHOTOS COURTESY OF POET



Corn being harvested for ethanol production. At right, Melissa Tille, analytical laboratory manager at Poet, at work.



the process. It went from losing money to making money.”

It is this kind of leadership style that sets agile companies like Poet apart. (Although to be fair, it may be easier for private companies, unconcerned with meeting quarterly earnings targets, to tolerate money-losing innovation efforts.) Deborah Ancona, a professor at MIT’s Sloan School of Management and founder of the MIT Leadership Center, calls it nimble leadership.

Ms. Ancona and her colleagues found that companies that have learned how to scale up their entrepreneurial spirit and innovation capability all share three distinct types of leaders: entrepreneurial leaders, who create value for customers with new products and services and move the organization into unexplored territory; enabling leaders, who make sure the entrepreneurs have the resources and information they need; and architecting leaders, who monitor culture, high-level strategy and structure.

“Leaders need to be thinking about turning their organization upside down,” Ms. Ancona says. “Rather than everything being top-down, order-giving, bureaucratic modes of operating, they should try to create more autonomy for people.”

### Leading Without Fear

While many legacy organizations and their leaders recognize that they must take a more nimble approach, they do not know how or where to begin with this massive transformation. Part of the problem is that all businesses experience drift: momentum that pulls strategy and performance in the same direction it has always gone. Drift comes from complacency, apprehension and stale thinking—making a necessary change often look impossible or invisible.

“One of the things that gets in the way is fear—fear of losing power and fear of moving into chaos,” Ms. Ancona says. Yet paradoxically, today’s tech disruption has become a powerful—and often unavoidable—opportunity for executives to push their companies beyond their comfort zones. Ms. Ancona points to AI and big data as opportunities for companies to shift their organizational mindset. As executives embrace new digital tools and platforms, they should consider restructuring the organization and rethinking its culture.

Rohit Bhargava, founder and chief curator of the Non-Obvious Company and author of several books on innovation,



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### Renaissance Executives

But adding an innovation hub or throwing funds toward a new venture is not nearly enough to transform an organization for the better. Leaders who stay ahead of the game are experts at stepping out of their comfort zone, Ms. Ancona explains. They have an ear to the ground, studying their organization, anticipating their competition as the market shifts and delving into new technology even when others think it is too early to do so.

explains that fear is just par for the course when corporations adopt an innovation-focused mindset. New technologies, approaches and processes always come with inherent risk. Mr. Bhargava says leaders often fear this new focus might waste money, or worse, lead to a well-publicized failure that could send talent packing.

“But the big thing we should actually be afraid of isn’t that public failure,” he says. “The thing we should be afraid of is not being ready and then having to scramble because now we’re far behind and our competitor just kicked our butt.”

One pragmatic way to handle the fear of failure? Mr. Bhargava suggests finding ways to “fail quietly.” Acknowledge that taking a big risk is required to secure the company’s future—and then take steps to quickly mitigate the potential public fallout if the risk does not pan out.

Ms. Ancona refers to this leadership skill as “sense-making”: understanding the larger ecosystem outside an organization’s walls and building an intuition for change. “In a rapidly changing world, this is a skill that more and more leaders are going to need to develop,” she says. Companies can encourage this context creation by establishing something she calls “x-teams,” groups deputized to look beyond the walls of their company to identify unanticipated problems and produce new solutions.

“I encourage executives to become students of interesting things happening outside of their industries,” Mr. Bhargava says. “This has become even more urgent now that we see so much crossover. We see Tesla about to sell car insurance, banks opening coffee shops, furniture companies opening hotels.”

The most effective executives also know how to look within their company for the

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—Elizabeth Mora, chief administrative officer, Draper



right talent, he says. "There are probably people doing really awesome innovative things who might not be part of your 'innovation lab,'" Mr. Bhargava points out. Look beyond established corporate roles to "find the innovative people in your office and bring them in to help you figure out what you need to do differently."

## Building the Habit

To set their companies up for future success, savvy executives recommend setting very concrete medium-term goals that serve the longer-term vision.

Elizabeth Mora, chief administrative officer of Draper, prefers two- and three-year goals. Her engineering innovation company specializes in prototyping and developing advanced large-scale tech solutions to problems in health care, energy, national security and space exploration. "We figure out where we want to be, and then we work backwards," she says.

In 2014, for example, the not-for-profit company was saddled with aging offices and lab space that were at odds with Draper's image as a place where cutting-edge research occurs. Leadership realized that investing in infrastructure was necessary to ultimately grow the business. Within two months, Draper had secured architects and city planners to convert an old courtyard into a collaboration space by sealing it with an impressive atrium, in addition to adding a \$15 million, best-in-class biology lab.

Ms. Mora echoes Mr. Bhargava's advice to find and cultivate the innovative people a company already employs. At Draper, her team gathers biannually to identify the right development paths and mentors for each employee. "The goal is to move the needle toward higher expertise and greater capacity by creating a tai-



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lored development plan for key employees," she says.

Even after taking all these steps, executives must constantly practice what they preach and continue to embrace fear, take risks and search for passionate, innovative workers. Mr. Broin says the risk associated with looking to the future never evaporates—but executives can get better at handling it.

Though Poet faced its most significant risk early on, it continues to encounter major challenges today. "We removed the government incentive risk by learning to produce [biofuel] through microbiology and technology," he says. "But today we still face an oil industry that is working to stop the growth of our industry."

To fight back against it, Poet continually examines new R&D projects. The company has invested heavily in R&D facilities, creating an ability to "stairstep" technology from the lab to pilot to commercial scale with little financial risk. Mr. Broin acknowledges that the fear and trials associated with pushing to the brink of an undefined future never go away. But by focusing on his mission—lowering gasoline-related emissions, creating new markets for farmers across the U.S. and world, and ultimately securing a better future for his children—he finds the ambition to keep moving forward.

"We're still improving the process every year after 32 years," Mr. Broin says about Poet's microbiology technology. "But we're also researching and developing new products and new processes that allow us to create additional co-products that have value to the company and to society." It is this last horizon—improving the world—that he and his company are always fixed on. "We take our responsibility very seriously." **IQ**