

URL: <https://ecorner.stanford.edu/clips/a-pioneering-approach-to-innovation/>

Margo Georgiadis, CEO-partner of Flagship Pioneering and co-founder and CEO of Montai Health, observes that it's easier to know the risks of ideas that are adjacent to current solutions, but warns that other people can also see those opportunities. She explains Flagship's approach to going after high-uncertainty innovations by systematically identifying proof that the ideas will work.



## Transcript

- A lot of innovation focuses on 00:00:05,280 the left hand side of this slide.. Things around businesses that we already know.. How do we improve that business model incrementally, make it more efficient? Or how do we use innovations and data and technology to actually find adjacent opportunities? And these are spaces where we actually know the risk, but it's in areas like technology and biotech with the transformations that are happening in these industries that we're able to increasingly find these amazing red dot outliers.. And that's at flagship, what we exclusively focus on as leaders.. And why do we operate beyond adjacencies? Well, we do it because there's the opportunity for a much bigger value pool.. You also have less competition, and you can define the rules of the game.. You have a much more wide open space for intellectual property.. And you have the ability often to partner more easily with incumbents because instead of replacing what they're doing, you're fundamentally additive.. You're doing something new that they're not already doing.. So they're really interested in identifying those new areas and thinking about that is really important in terms of creating a new idea..

But there are unique challenges to this pioneering approach.. You have to deal with the fact that a lot of people will tell you it's impossible.. "Oh, I tried something like that before, it's not gonna work." You have to overcome the dogma and you have to do it systematically and be okay with that.. It can feel really lonely at times because you can't just go to a KOLs tried something before.. There's no playbook.. You have to actually create it from the ground up.. But I truly believe from my experiences at places like Google and Flagship, that this is the best C to chart.. So let me unpack that a little bit more.. So as I said, most innovation tends to be on the left hand side of this page.. It tends to focus on adjacency where there's less uncertainty and the risk is calculable..

We can think about diversifying our bets and having a few shots on goal that we can actually estimate the probability of.. But the problem that most people don't think about is you have the risk of innovation commoditization because other people can see that opportunity because it's adjacent.. So you're gonna have more people that are structurally going after that, both incumbents as well as new companies.. And so actually it ends up being riskier than you think.. So just because you can calculate the risk doesn't mean it's less risky, because your ability to capture value from those investments is then lower.. Because there's more people going after the same opportunity, and that's like a fundamental symbol concept a lot of people don't think about.. On the other hand, what pioneering and the way we approach it enables us to make leaps to high

uncertainty, but do it in a way that you can go after that greater value at lower risk.. So it actually becomes less risky to pioneer.. And that's because we think really, really hard about how do we do this differently? How do we take the risk out of the approach? How do we resolve uncertainty? And we do that by systematically identifying scientific proof, creating new inventions that enable us to make those leaps, and by building only multi-product platforms that take shots on goal.. But the first shots we take, we just try to take them in lower risk initial areas that can then show the candy in the road to get to the bigger opportunity..

And by doing that, we have systematically found that we can unlock much more value with actually the same or less risk..