Creating a Skunk Works Program:

Keys to Bold Innovation

A skunk works effort is about boldly challenging the status quo. Flipping power dynamics. And disrupting your industry. Here's how world-class organizations are creating serious competitive advantages with skunk works – and how you can do the same.

In this eBook, you'll learn:

- what a "skunk works" is
- how other companies are using skunk works
- how to pilot a successful skunk works in your own organization

Let's get started.

Skunk Works, Defined

In business and in technology, innovation is a matter of organizational success or failure. While every company must mitigate risk, there must also be some freedom to try bold new ideas.

Skunk works are all about trying new things and failing forward towards innovative solutions. They are widely used in business, technology and engineering. Skunk works teams are given a great deal of freedom and autonomy without being tied up in bureaucratic red tape. Their projects are often highly advanced and secret, and they usually work outside the main corporate campus.

The Skunk Works Origin Story

Perhaps you've heard of skunk works initiatives before, but do you know where the name originates from?

Skunk Works was the pseudonym for Lockheed Martin's Advance Development Programs (ADP) in World War II. During this time, the company formed a "secret" department to innovate to design a jet fighter to rival German fighter planes.

The offices of the secret team were next door to an industrial plant that emitted a foul odor, and the name was jokingly taken from the name of the moonshine factory in the Li'l Abner comic strip. But the name stuck, and skunk works has become part of business vernacular.

Lockheed Martin Skunk Works teams have been responsible for some of the most important modern aircraft designs including:

- The U-2
- SR-71 Blackbird
- F-117 Nighthawk
- F-22 Raptor
- F-35 Lightning II

Though companies in many industries utilize their own "skunk works," the name "Skunk Works" and the skunk design are registered trademarks of the Lockheed Martin Corporation.

Skunk Works in Action: Oracle

In technology, if you don't innovate, you die. Oracle has been actively recruiting people for an internal "startup" venture where employees will build custom cloud apps for Oracle customers.

Operating as a completely separate unit from the main corporation, the teams are housed far outside of the company's Redwood City headquarters. These "startup" teams work in Reston, Virginia and Denver, Colorado, focusing on innovation in:

- Cloud computing
- Big data
- Mobile
- Internet of Things
- Cybersecurity
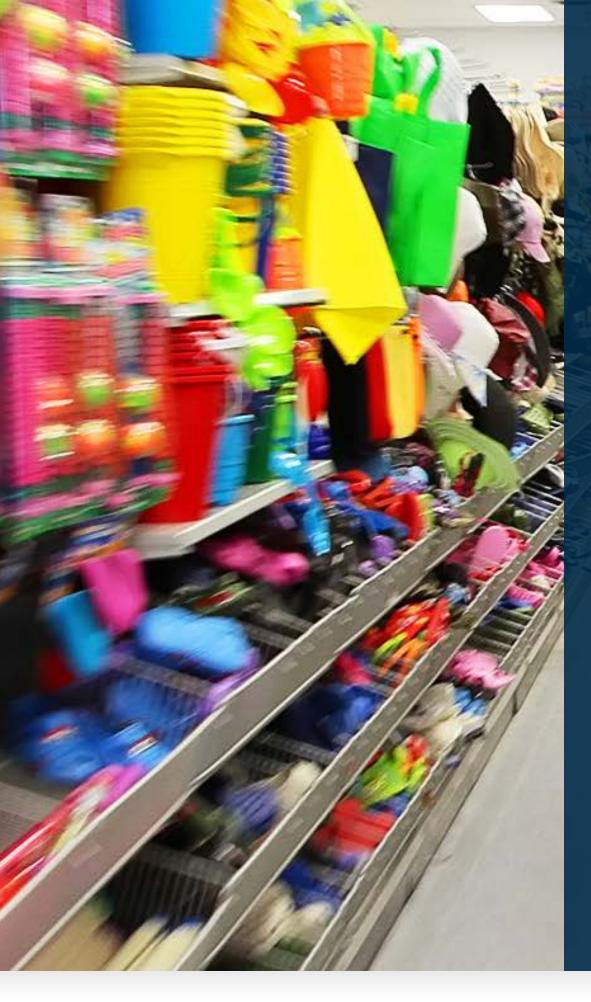
The Facebook "Startup Garage"

Facebook likes to keep people on their toes, and the social networking giant caused quite a stir when it announced it would be opening its own brand of skunk works in Paris, France rather than in Silicon Valley.

Called the Facebook Startup Garage, the team will work out of Facebook's Station F, which bills itself as the world's biggest startup campus.

This is unlike other skunk works in that it is much more of a tech incubator. Facebook employees will work with around a dozen startups for six months at a time, providing physical office space and help in functional areas like development, marketing and UE.

Walmart as a...Tech Innovator?

When you think "Walmart," you don't really think about technical innovation. However, Walmart was one of the original disrupters of retail, and in order to remain competitive in an era of Amazon, the company knows it must lead the way in retail technology innovation.

Walmart's internal incubator is called Store No. 8 in homage to an early Walmart store that was used for experimental layouts and other tests.

Though Walmart is keeping Store No. 8 projects and initiatives very secret, one recent success story focuses on mobile and using AI to improve the retail shopping experience.

DuPont's Innovation Space

DuPont is an American corporate icon. Recently, the petrochemical company teamed up with the Delaware state government and the University of Delaware to fund Delaware Innovation Space.

This center will be for very early stage startups that focus on science. Each startup will receive a mentor, and all mentors will be overseen by a representative of all three major stakeholders.

DuPont has made it clear they are looking for startups they can eventually acquire, and they have put serious cash into the initiative. Initially they pitched over $17 million in funding for the project.

Why Skunk Works?

These corporate examples are intriguing, but the question remains: What could your business gain from investing in a skunk works of your own?

Quite a bit.

When you have the right people in place, a skunk works can provide the freedom to try new approaches and test new ideas without fear of being fired if those big ideas don't quite work.

Skunk works also provide the freedom to analyze what went wrong in a failed attempt, and possibly find new innovations from those mistakes. Artificial heart pacemakers, which have saved millions of lives, were actually invented out of a failed attempt to build an irregular heartbeat recording device.

Skunk works provide your business with:

- Creative new ideas

- Solutions to problems that have plagued the company or the industry for years

- Access to top talent who are looking for creative work environments they can't typically find in the corporate world

- A competitive advantage

Tips for Your Own Skunk Works Program

While a skunk works sounds as easy as moving a team of innovators and forward thinkers to a secret location, there is a bit more involved. Use these strategies for your own skunk works:

- Leaders must be on board with failure and risk, since failed attempts are inevitable. Leaders should establish a budget, and then let the skunk works manager handle the rest.

- The skunk works manager should be allowed complete control of the program and should report only to one person, preferably a division head or higher.

- The manager should act as a buffer between skunk works employees and the organization.

- Employees should be given ample space and the tools they need.

- The physical location of the skunk works should be outside the corporate campus.

- Every employee should sign an air-tight nondisclosure agreement.

- The number of employees should be kept as small as possible while still remaining practical.

- Work should be recorded, but paperwork and reporting should be kept to the absolute minimum.

- Access by outsiders should be strictly controlled.

- Prototype quickly. In the "real world," prototypes are often not turned in until they are as perfect as possible. In a skunk works, the focus should be on speed rather than perfection in the prototype stage.

- While failure should not be feared, managers must be able to ensure that projects fail forward.

Finding the Right Skunk Works Employees

Sometimes, innovators can come from your internal staff. Other times, it is more appropriate to hire "outsiders" who not only have the specialized technical skills you need, but also the entrepreneurial approach and fresh perspective required to innovate and fail forward.

Hiring these types of people isn't always easy, especially because the skunk works culture might be slightly different than the culture of the organization itself. Sourcing, hiring and retaining innovators often requires outside expertise.

Working with a niche recruiter to find skilled skunk works employees will give you access to the high-level talent you need, while allowing your core technical and HR teams to stay focused on their own mission-critical tasks and projects.