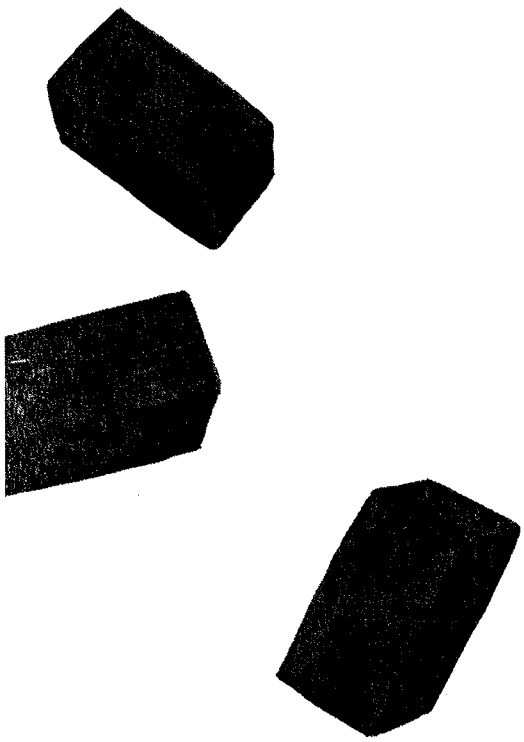
People in business are constantly being told to move beyond formal strategy, structure, and budgets – in short, to operate in the organizational whitespace where speed and flexibility reign. But when should you jump into that amorphous territory – and how? The results of a unique research project provide guidance.

Managing in the Whitespace

by Mark C. Maletz and Nitin Nohria



THE WISDOM OF THE DAY is that your business is doomed to fail if you don't overturn the status quo. You have to think outside the box, start a revolution, break all the rules – pick your own overheated rhetoric. The assumption is that new value in a company can be created only when people shed their suits, don khakis and Hawaiian shirts, and think and act like the most passionate entrepreneurs. The problem is, they're rarely told when it makes sense to do those things – or how to do them.

We recently conducted a unique research project that tried to fill in those gaps. The project focused on what we call the whitespace: the large but mostly unoccupied territory in every company where rules are vague, authority is fuzzy, budgets are nonexistent, and strategy is unclear – and where, as a consequence, entrepreneurial activity that helps reinvent and renew an organization takes place. The project worked on two levels: trained ethnographers shadowed entrepreneurial managers who were actually operating in the whitespace, while a steering committee of senior organization specialists met with top managers about their efforts to oversee whitespace activities. (For more on the project, see the sidebar "About the Research.")

As a result, we've seen when it's not only valuable but also imperative to operate in the whitespace – and when it's much wiser to stay in the traditional blackspace. We've also discovered

how effective whitespace managers quietly, subtly, and resourcefully lead successful efforts, and how senior executives nurture whitespace projects by putting aside their traditional tools of planning, organizing, and controlling. Finally, we've examined the ultimate issue for any successful whitespace project: should it be moved into the blackspace, kept in the whitespace indefinitely – or, despite its apparent success, killed off?

Whitespace exists in all companies, and enterprising people are everywhere testing the waters with unofficial efforts to boost the bottom line. The managers who operate in these uncharted seas are often the ones most successful at driving innovation, incubating new businesses, and finding new markets. The task for senior managers is to avoid letting whitespace efforts "just happen." Instead, they should actively support and monitor these activities, even as they keep them separate from the organization's formal work. If companies leave this valuable territory to the scattershot whims and talents of individual managers, they are likely to miss out on many of the opportunities that come from exploring the next frontier.

THE ACTUAL LEAP TO WHITESPACE CAN BE HAZARDOUS. IT'S UNFAMILIAR GROUND FOR MOST MANAGERS, AND IT REQUIRES A DIFFERENT WAY OF THINKING ABOUT HOW WORK GETS COMPLETED, MEASURED, AND RECOGNIZED.

Moving into the Whitespace

The blackspace encompasses all the business opportunities that a company has formally targeted and organized itself to capture. The whitespace, then, contains all the opportunities that fall outside the scope of formal planning, budgeting, and management.

Whether you're an entrepreneurial middle manager or a senior executive trying to keep an eye on whitespace activities, the first challenge is knowing when it's appropriate to leave the blackspace. The simple truth is that most projects should be conceived, developed, and managed within the organization's formal structures: that's what they're there for. Managers, then, should consider shifting to the whitespace only if one or more of three conditions exists.

Great uncertainty over a recognizable business opportunity is the first condition. We don't mean the garden variety uncertainty that all managers grapple with; successful managers make a career of taking on tough problems, creating plans, building consensus, and moving forward through regular company channels. We're talking about the kind of uncertainty that surrounds, for example, e-commerce, where it's unclear who has the best idea, how it should be implemented, who should be in charge, which unit should house the opportunity – and if taking the time to figure all that out would mean the opportunity would vanish altogether.

The second condition has to do with organizational politics. Sometimes turf battles make it impossible to proceed in the blackspace. For example, we shadowed one manager who shifted to the whitespace to develop a digital version of a product after a powerful senior executive, whose authority derived from an analog version of the product, blocked all formal attempts to create a digital counterpart. At other times, the problem stems from the need to get resources from several groups that are generally uncooperative. In those situations, it's certainly not worth reorganizing around a new opportunity until it's proven viable. An entrepreneurial manager working in the whitespace can often bootstrap resources from competing groups without their formal involvement – and often, even without their explicit approval.

The third condition, linked to the first two, is that the company's blackspace operations are performing extremely well and would likely be profoundly disrupted by the opportunity at hand. In those circumstances, it's too risky to interfere with the existing business by formally redirecting resources. Instead, it makes sense to place some bets on the new opportunity in the whitespace and see what emerges.

Consider how those conditions were at play at a computer manufacturer. The company's senior managers knew they had to act quickly to enter the e-commerce space. But they couldn't agree on the details: which of several competing divisions should own the market, how conflicts over channels would be resolved, how prices would be set, and so on. In addition to these internal questions, the company also faced a high degree of external uncertainty: the market was so new that it offered little evidence about the merits of particular business models.

Managers recognized, too, that blackspace pursuit of e-commerce would most likely get stalled in a battle between the product division and the sales and marketing division. Numerous previous attempts to make peace

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between these two armies had failed, and many business opportunities had been sacrificed in the process.

Despite these reservations, the managers made one stab at a blackspace effort: they commissioned a task force to study e-commerce opportunities. The task force was quickly bogged down by infighting and conflict. It disbanded several months later after producing a short paper indicating that any e-commerce initiatives at the company would be premature.

The senior executives rejected that response, but rather than try to force a fit between the core business and the new opportunity, they made it clear that people could experiment with e-commerce models in the whitespace. Several managers took up the challenge and began to orchestrate pilot projects. We shadowed one manager who eventually succeeded in becoming the owner of e-commerce in the whitespace.

The computer manufacturer's blackspace operations were designed to sell its boxes indirectly through distributors and retailers. The whitespace manager decided to turn that model on its head by selling bundled products – which included hardware, software, maintenance, and on-line access – to small and midsize businesses directly through the Web.

Along the way, the manager made several decisions that enabled his new business model to get moving and to reach new customers. Among other things, he won over the product group by selling a significant number of new boxes along with the bundled software and services. And he won over the sales and marketing team by sharing sales credits with it and by agreeing to set the price of the products on the high side, even though that made his own job harder. In the end, the heads of those two groups lauded the whitespace manager for introducing an e-commerce model that did not jeopardize the indirect channel. Moreover, the head of corporate strategy praised him for "saving the company's share of the small and midsize business market, which we were on the verge of exiting."

Knowing when to leave the blackspace is an important first step, but the actual leap to whitespace can be hazardous. It's unfamiliar ground for most managers, and it requires a different way of thinking about how work gets completed, measured, and recognized. The next step is understanding the particular challenges of operating in the whitespace and how to meet them.

Managing in the Whitespace

Although navigating in the whitespace requires a new compass, the rewards from successful voyages can be great. Consider the following examples.

• An executive at a major global bank developed a virtual trust business that managed assets of more than $1 billion without even appearing on top management's (or financial control's) radar screen. She designed and assembled products and services that had been manufactured for her by the bank's asset management division and sold for her by the bank's retail-banking division. The bank's organization chart indicated that the executive was a bit player without P&L responsibility or staff. And yet she was responsible for the trust business's P&L, and more than 70 people throughout the bank looked to her as their informal leader.

• At a highly centralized gas and electric utility company, an entrepreneurial executive identified a segment of the

About the Research

Under the sponsorship of McKinsey & Company, we created a research team of about a dozen ethnographers and a steering committee of six senior organization specialists that included the authors (Mark Maletz was a partner at McKinsey at the time). We then identified and profiled 12 companies in a variety of industries and stages of development. Members of the steering committee spent time with top management in each company, developing an understanding of each organization's strategy, culture, structure, and performance drivers.

As a result of these discussions, we identified a group of managers in each organization who were perceived to be natural innovators, strong performers, and extremely well connected within the company. (As a condition of the research, we agreed to keep all names in our study confidential; that allowed us to get an unusual amount of information and candor from the people we shadowed and interviewed.)

The field research team then spent two to three months each in four of the organizations, shadowing the key managers and developing insights into the ways they operated in whitespace and blackspace. The researchers observed the managers in real-work settings and also spent time with them one on one. While the field researchers were shadowing managers, the steering committee members continued meeting with senior executives in the four organizations to gather data about their perceptions of the managers who were working in the whitespace.

The steering committee members also spent time in the other eight organizations, where they tested hypotheses that had emerged from work being done in the companies that were under more intense scrutiny.

The end result was a rich body of data on the possibilities and pitfalls associated with working in the whitespace.

utility's clients – mainly universities and hospitals – that needed local fiber-optic networks. Although the company had begun thinking about ways to broaden its business portfolio, fiber-optic networks hadn't even made it onto a brainstorming chart. The executive knew that the company would take months, and in some cases years, to come to any decisions about new products. By leveraging his personal relationships, he managed to pool resources both from key managers across the organization and from a web of external vendors. Over a period of 18 months, he built a $200 million business that used the existing electricity distribution network as the backbone for the fiber-optic networks his clients needed.

Through examples like these and many others, we have identified four challenges faced by managers operating in the whitespace: establishing legitimacy, mobilizing resources, building momentum, and measuring results. The first challenge is peculiar to the whitespace; the remaining three also play out in the blackspace but much differently.

Establishing Legitimacy. Blackspace projects begin with a formal launch, a process that confers automatic legitimacy on them. Whitespace activities don't have that benefit; their managers must work to actively establish their legitimacy at the start if they are to get off the ground. We observed managers using a variety of techniques to show others in the organization that they deserved support.

Some traded on their superior technical skills, which made them appear uniquely qualified to lead an informal project. At a software company, one manager launched a whitespace project designed to enhance a product by allowing it to incorporate images without damaging its performance. The project gained almost immediate legitimacy because the manager was seen as the expert on image compression; whenever questions came up in meetings, senior executives always turned to him for answers. His visible reputation as an expert gave him the clout he needed to lead in the whitespace: senior managers trusted that the new product wouldn't hurt performance, and junior software developers lined up outside his door to work with him.

Other managers established legitimacy by advocating causes at the core of the organization's mission. We saw this at an industrial components supplier that was working to increase its customer focus and become more entrepreneurial. Some whitespace managers there took it upon themselves to introduce lower-end products in a way that would not cannibalize the company's usual high-end share of the market. As they talked about their efforts, they made it clear that they had listened carefully to customers and were working to cut through the company's bureaucracy. In doing so, they occupied the strategic high ground and made it difficult for others to oppose them. A senior manager who became a champion of this new initiative said the team's "willingness to take considerable personal risk by working on something that was important to customers but not yet embraced by management convinced me to support them."

Depending on how whitespace efforts emerge, managers have to walk a fine line in communicating their existence to the rest of the organization and the outside world. Invisibility can protect whitespace managers while they wrestle with how best to operate, but it also makes it more difficult to mobilize needed resources.

Mobilizing Resources. Possessing a degree of legitimacy – even if it is informal – allows whitespace managers to move on to the next task: gathering the resources they'll need to move projects forward. Managers in the blackspace have a clear sense of their budgets and other resources at their disposal; the whitespace managers in our study had to beg, borrow, and steal to get what they needed.

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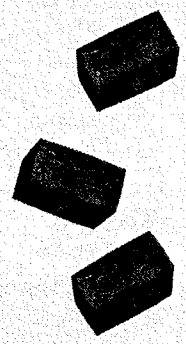
Like fund-raisers at college telethons or on National Public Radio, effective whitespace managers recognize that you can raise a fair amount of money by asking a lot of people for a little at a time. Once people have contributed a little and been embraced as co-owners, they're likely to give again.

The manager who created a virtual trust organization was probably the most ingenious person we observed at bootstrapping resources. Her formal employer, the asset management division, paid her salary. But she obtained the trust's annual budget from a senior manager in the retail-banking division, and she persuaded managers from other units to let her "borrow" 70 full-time people.

She procured all these resources incrementally, getting a part-time person to work on a project here, another there, until she was able to create some value, which she then leveraged to get even more resources and to convert part-timers into full-timers. She spent a good deal of her time mentoring these people, and as a result they became loyal soldiers of the virtual trust. And that wasn't all: the

Welcome to the Whitespace



There are no user manuals for operating in the whitespace. Most managers have to develop their whitespace skills on the job, but we worked with one bank manager to create a set of guidelines for a new hire:

"Welcome to the virtual trust company, Bob. We're delighted to have someone with your experience; it will be an enormous help in pushing things through the 'machine.' To succeed here, you will have to become a citizen of the trust company, the retail bank, and the asset management business. Imagine that you are a watch with the retail bank's face, the asset management's wristband, and the trust company's gears. Here are a few guidelines to help you."

1. Try not to give out more information than is necessary.

2. Leverage your technical expertise whenever possible; offer to take problems off people's hands. If you do, you'll gain control over training, staffing, and target setting.

3. Every time you deal with the retail bank, make them believe they're getting more than they're giving. Keep in mind that the retail bank faces two main problems that I want you to approach as a white knight. First, they have no centralized organization, so they are often in chaos over training, marketing, and productivity goals. If you present them with a plan and offer to pay for these functions, you will gain control of the content, as well as their undying gratitude. Second, their technology is Jurassic. They'll be grateful for any tech upgrades, so we should design and fund a client-profiling system for them.

4. Befriend the retail bank's finance staff. The retail-bank executives hate to make decisions – you know this. They are particularly cautious about decisions whose financial implications are unclear. So use the finance staff to ensure that you are on solid ground regarding the financial aspects of your proposals.

5. Know your financials and have facts at your fingertips. Memorized data will help you in negotiation talks. Always be more prepared than the person across the table.

6. Make yourself highly visible throughout the retail bank. Your levers are expertise in the area of trust, capital, and personal persuasion. Accordingly, most of your day should be spent on the telephone answering questions, doing temperature checks on the staff, and building bridges with VPs and branch managers.

7. Never ask for cooperation; offer people the 'opportunity to participate' in a transaction that will leave them better off.

8. Authority is a weapon of last resort. If you are doing your job correctly, others should be convinced by self-interest. If they resist, examine the situation for communication errors and try again.

"Follow these guidelines, Bob, and you'll succeed both in the blackspace of the bank and, more important, in building an unparalleled virtual trust company in the whitespace."

manager also found quick ways to generate revenue on the periphery of her organization by, for example, selling back-office services to units within the bank that were straining in the face of staff reductions.

Managers can bootstrap resources in many ways, but several characteristics are necessary regardless of one's approach: persistence, creativity, and a willingness to work with what you can get rather than what you think you need.

Building Momentum. Even after a whitespace project has been able to attract some resources, its managers must find ways to build momentum and prevent the initiative from fizzling out or getting mired in corporate politics. They constantly look for ways to rapidly prototype their ideas, run experiments, create pilots, and so on. These visible products make it harder for others to kill whitespace efforts, although they also heighten the risk that blackspace managers might see such efforts as a competitive threat.

An entrepreneurial manager in a software company built momentum so quickly that no one had time to kill his project. He began talking with senior development managers about an idea he had: software that users could install automatically over the Internet. Nobody in development had ever tried to do that, and the managers felt that it was impractical in the short term. But during a technical review meeting where the idea was formally rejected, a couple of relatively junior software developers seemed intrigued. The manager recruited them to work with him over the Christmas vacation, and they completed a working prototype by the new year. When they showed off the prototype, the senior managers were amazed, and they agreed to let the two software developers continue to work with the entrepreneurial manager.

As important, they let the trio ignore the organization's formal processes and continue to work in the whitespace. One hurdle they avoided was the preliminary design review normally required for all new products. The calendar for such reviews was set many months in advance, and the next open slot was in late April. By keeping his operation in the whitespace, the manager was able to launch the product before the end of March.

Presenting visible products is one way to build momentum; another is to share any wealth generated by a project. Blackspace managers are often suspicious of whitespace efforts; they believe that whitespace managers are pursuing their personal agendas rather than organizational objectives. To win over people in the blackspace – and to ensure that their resources are not cut off – effective whitespace managers share credit for their successes with others.

We observed one bank manager, for example, who launched a new service that involved placing investment advisers (with funds available for sale) in retail branches. She won over all the parties involved in creating and selling the product. First, she set it up so that both fund

Whitespace and the Talent War

In our research, we found many individual cases of effective whitespace management but few companies that had developed a broad institutionalized whitespace capability.

Being able to recruit, develop, and retain managers who can flourish in the whitespace is perhaps the most important way senior management can enhance this capability. Identifying good whitespace managers is difficult because the A-list of high-potential candidates in most organizations is typically made up of those who have earned their credentials by being successful in the blackspace. One often has to look outside this group to identify people with the entrepreneurial instincts that might make them successful in the whitespace. But beware of moving failed or disgruntled blackspace managers into the whitespace. Although many organizations try this as a way to save careers, these moves rarely work out.

As hard as it is to find and develop whitespace managers, it may be harder yet to retain them. Because of their entrepreneurial nature, whitespace managers tend to be restless free agents. They prize their autonomy and are ready to jump ship if they feel stifled by corporate bureaucracy. While some turnover is inevitable, there are ways to keep whitespace managers on board.

The key lies in creating a culture that supports innovation and collaboration. Values that permit people to invest some resources in the pursuit of informal opportunities can be an important source of legitimacy for whitespace; think of the way 3M encourages its people to explore ideas. Values that foster cooperation between organizational units are also conducive to whitespace; GE and ABB have long promoted such cooperation. And values that support career paths that zigzag through the organization can encourage whitespace activity. Unilever moves its managers all around the organization, and many of the company's new products over the years were created by these mobile people in the whitespace.

As celebrated as these examples are, they are rare. Most organizations have barely begun to build whitespace capability. If you start now, you have a good shot of getting ahead of the pack.

managers and branch managers got to book all assets and sales that came through this channel. (A senior executive authorized this double counting for a two-year period to enable the service to reach critical mass.) Thus the fund managers were happy to invest in the service, and the retail managers enjoyed having an expert presence in the bank that cost them nothing and boosted assets and sales. When the trial period ended, the branch managers realized that the advisers were so valuable – they sold not only investment funds but the whole range of retail-bank products – that they happily paid the advisers' salaries out of their own budgets.

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Once a whitespace project has been launched, the key is to show some clear returns from the initial investments of time, money, and people. Effective whitespace managers recognize that their best bet is to make converts of their blackspace counterparts by spreading the wealth.

Measuring Results. Clearly, wealth – revenue – is one marker of a whitespace effort's progress. In general, however, results in the whitespace are difficult to measure. A product prototype, while potentially valuable, may not bring in much money in its initial form. A rapidly increasing number of hits to a Web site may be valuable but not in ways that translate directly to the bottom line. Even revenue earned in the whitespace is tricky: when the organization doesn't officially recognize the costs or the benefits involved with a product or project, crunching the numbers can get complicated.

In our study, only a few of the whitespace managers clearly understood the goals they were expected to achieve and what would constitute success. In fact, that broader perspective is really one that senior executives are best positioned to take. But managers in the whitespace need to think of creative progress markers to convince themselves, and the people working with them, that they are on track. We observed one whitespace team, for example, that monitored the progress of a new software initiative in a way that mirrored a blackspace process: they conducted formal reviews at specific stages of product development. But there was one important difference. In the blackspace, project leaders faced a red light–green light decision at each stage review; therefore, they highlighted the positive results of their testing, while obscuring any problems with the software. Project leaders in the whitespace, however, assumed they would continue testing and actually found it to their advantage to identify problems during stage reviews. In this case, the software's performance was declining as the number of users increased past 100. The whitespace manager raised this problem at a review session. The team, after nine hours of intense work, solved the problem. The project leaders then went on to the next stage of software development with the confidence they were on the right track.

When measuring whitespace results, creativity matters. Revenues, Web site hits, and the existence of prototypes are all important, but they won't lead to the clear answers about an initiative's success that one would expect to find with a blackspace project. This is just one of the areas where senior managers, with their bird's-eye view of the company, can help the process work.

Senior Managers and the Whitespace

Individual whitespace efforts can succeed without help from senior executives, but their chances are much improved when high-level people do get involved – provided they understand that traditional blackspace levers (planning, organizing, and controlling) have limited utility in the whitespace. To reap the full benefit of whitespace activities for their companies, senior managers must learn to nurture these informal efforts in the following ways.

Frame the strategy. In whitespace, strategic imperatives typically emerge over time. Thus rather than being prematurely precise, the trick is to frame the whitespace work as broadly as possible.

At a computer hardware company, senior managers added two industries – consumer electronics and health care – to the company's strategic-vision documents that addressed long-term issues. This gave prospective whitespace managers implicit permission to pursue business opportunities in those markets. The company's chief scientist also began talking in meetings and in informal conversations about how exciting it would be to pursue opportunities in these industries, which drew interest from many technologists within the company.

The senior managers also stipulated a performance target for any whitespace efforts. To prevent resources from being wasted on opportunities that showed limited long-term potential, a manager hoping to enter the whitespace had to be able to construct a plausible scenario demonstrating that the opportunity would grow to $100 million in revenue in three years. In the end, the company became an important player in the consumer electronics

industry with annual revenues that greatly exceeded $100 million. The broad framing, including the revenue target, had given whitespace managers enough clues to proceed successfully in the informal space.

Provide support. Whitespace initiatives shouldn't be starved of resources, but they shouldn't be overfed, either. When whitespace managers are forced to sell their ideas to the organization to obtain resources, only the most persuasive ideas, supported by the most credible managers, will take off. Keeping funding tight also makes it easier to halt whitespace activities that are clearly failing.

Senior managers can provide something more valuable than money to whitespace managers: organizational and moral support. At a cable company that branched out into telephony, the chairman and the president both made it clear internally that the new business was the company's prime source of future growth, even when the business had no revenues to speak of and few dedicated employees. Some of their support involved simply listening to whitespace managers talk about the difficulties they were facing. It also involved providing air cover when needed – giving ex post facto approval to an activity after a whitespace manager had been "caught" violating formal rules, for example. The senior managers also convened stakeholder meetings to solve particular problems, and they occasionally intervened to help open up a bottleneck – for instance, making more staffing and financial resources available so the telephony project could share field personnel with the cable business. Without this kind of support, it's likely that the telephony business would have been smothered by managers and processes that were totally focused on the cable business. The whitespace effort would have died before it could reveal its potential.

Build enthusiasm. Senior executives should not only support those working in the whitespace, they should also communicate whitespace achievements to others within and outside the organization. But they have to be careful about how much light they shine on whitespace efforts, particularly in the early stages. At times, delaying the release of information to allow the whitespace activity to gain more credibility will be the wisest course. On other occasions, it may be more helpful to quickly announce results so the activity can gain momentum.

At a European industrial company with broad technology operations, for example, a senior executive helped spawn and nurture a digital security software product. At first, the executive simply spoke to an off-site meeting of the company's top 200 managers about fertile product areas. He talked about the United States' near monopoly of digital security products, and how U.S. export controls made it impossible for non-U.S. companies to obtain the products. He subtly appealed to the pride of technologists within the company and, not long after, an entrepreneurial manager in Ireland developed a pilot digital security product.

The senior executive authorized the entrepreneur to begin test marketing, and he visited the Irish operation several times in a short period. Such visits by senior people were rare, and they signaled to the Irish employees the importance of their work. The scope of the market tests was left intentionally vague, which allowed the whitespace manager to quietly build a significant business. The executive finally announced that the company had succeeded in building a digital security business – before most observers were even aware that the company had an interest in the space. He had successfully kept any opposition at bay while at the same time letting the whitespace employees know how important their work was.

Monitor progress. Senior managers must track whitespace activities and, more important, decide what constitutes success for the projects. Only they have the broad perspective necessary to make that kind of call.

We observed senior managers staying on top of whitespace activities by using monitors throughout the organization. In a large global bank, a senior manager created a loose network of respected opinion leaders who generally heard about whitespace activities early on. By remaining in regular contact with these individuals, the senior manager had a good sense of the progress of whitespace efforts over time.

Judging the success or failure of a project can be difficult. In some cases, a project that doesn't generate a lot of revenue by company standards will be considered a failure. In other cases, where the investment is low, simply picking up the money lying on the table may be enough. Or there may be other considerations: a whitespace effort that generates only $5 million at a bank may be considered paltry by the whitespace manager, and yet if that money comes through cross-selling and leads to higher customer retention rates, it may be considered extremely valuable by senior managers.

Once senior managers have judged that a whitespace effort is valuable, they'll face the final challenge: deciding whether to keep it in the whitespace or migrate it into the blackspace.

Moving to Blackspace

If a whitespace effort becomes successful, it will likely end up migrating to the blackspace. Ideally, there should come a point when a whitespace manager voluntarily lets go. Senior managers usually have to step in, however, and make a conscious decision to move the activity into the blackspace, leave it in the whitespace, or kill it altogether.

If an activity has reached critical mass – meaning that it has significant value to the company and a high degree of organizational support and visibility – it should probably be moved. At that point, it's likely that the effort will require such large investments and affect such important clients that it will have passed out of the whitespace

comfort zone. It's also true that as the effort scales up, a problem that seemed small at first (a channel conflict, for example) may become unmanageable and will require the control found in the blackspace.

Some efforts, however, have value only in the whitespace and should be kept there indefinitely. For example, an initiative at an investment bank that is valuable to customers – say, the introduction of estate planning services at a bank that didn't have a significant trust business – would be killed immediately in the blackspace unless it brought in revenue, even though it could contribute to higher revenues by boosting customer retention. It also makes sense to keep a project going in the whitespace if bringing it into the blackspace would require the forced reconciliation of warring organizations. In that case, better to just let the whitespace informally maintain connections between the two.

Some whitespace efforts add little value, and most of the failures will die a natural death because they won't be able to attract the resources needed for continued survival. But others survive simply because they don't appear to create any obvious harm or because they generate some positive results while quietly draining away resources that could be better deployed elsewhere. Senior managers have to be aggressive about killing off such efforts. Sometimes that's not easy to do; whitespace activities have a way of reappearing in different guises. The most effective way of preventing a failed effort from resurfacing may simply be to shift the people involved to a more interesting whitespace project.

Whether the decision is to migrate a project to the blackspace, keep it alive in the whitespace, or kill it off, the important thing is to avoid letting the whitespace drift, unmonitored and unnoticed.

In an era when speed and flexibility are the watchwords, opportunities in the whitespace are likely to emerge in great profusion in most industries and companies. Some entrepreneurial managers, through their own force of will and talent, will produce huge successes. Others will pursue personal agendas, waste resources, build private empires, and suck value from other parts of the company. Whether – and how – senior managers oversee the whitespace will be a significant factor in their companies' success. Those that leave it to the luck of the draw, hoping that their entrepreneurs hold aces, risk coming up empty. Those that carefully nurture the space won't always win, but they'll have a much better sense of which bets are likely to pay off.

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