Wayra: Wind of change for Telefónica

Even an established corporate giant can embrace a fresh culture, provided that managers have the ability to spot talent and know when to bend the rules to foment intrapreneurship.

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In the Quechua language, Wayra means wind, a fitting name for a venture whose mission is to bring a breath of fresh air to the telecom giant Telefónica.

A case study on Wayra by IESE's Julia Prats aims to demonstrate how the corporate culture of even the largest of multinationals can be transformed through entrepreneurial initiative.

The case explains how a group of corporate entrepreneurs, led by the company's current COO, J.M. Álvarez-Pallete, got Wayra off the ground at a crucial moment when the company was transitioning to digital.

Waking the giant

In 2011, Europe was experiencing economic recession and soaring unemployment. Its young talent was migrating to more promising job markets abroad.

The traditional telecommunications sector was in a downward spiral, impacted by the rise of IP technology, overregulation and tougher competition.

In Latin America, things were somewhat different. Its newly deregulated telecommunications sector was beginning to see a wave of successful start-ups developed by young entrepreneurs from the region.

Still, many of them were also emigrating due to the lack of adequate resources for their projects at home.

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Telefónica's Álvarez-Pallete spotted great opportunities in this hotbed of talent for the development of its digital business.

How could the company capitalize on this valuable human capital? And what could it do to keep these entrepreneurs in their respective countries? The answer was Wayra.

Why Wayra?

Wayra was conceived as an independent network of start-up accelerators, with venture capital from Telefónica. Its mission is to scout young, talented entrepreneurs from around the world.

Through an open tender, it groups a number of promising business projects together, and promotes them through an ecosystem of locally based entrepreneurship by providing support in areas such as training, legal matters, technology and networking.

Support is offered for a period of between six and 12 months. After that time, the start-ups get their initial exposure in an open session for investors.

At this stage, Wayra only reserves the rights of first negotiation and first marketing of the product. Aside from that, the accelerator does not demand any further exclusivity or control over the subsequent companies.

Wayra itself is a start-up, with a clearly defined purpose to be part of the Telefónica corporate culture.

Better to ask forgiveness than permission

Figuring that it's better to ask forgiveness than permission, Álvarez-Pallete began by holding a series of informal meetings with people at various levels of the company whose experiences could aid in the development of the project.

Although he went beyond traditional processes to achieve greater agility, Álvarez-Pallete had the crucial support of Telefónica CEO and chair César Alierta, who believed in Wayra's potential as a tool both for R&D and for corporate transformation.

Having such support, and conceiving Wayra as an entity in its own right, enabled Wayra to be disruptive of Telefónica's corporate culture.

For example, the Wayra team declined Telefónica H.R.'s offer to design person specs, opting

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for people with project management skills rather than start-up profiles, as was suggested.

The Wayra branding broke all Telefónica's corporate guidelines. It shunned the traditional television, print and PR channels that Telefónica normally used, launching instead through social media networks, which saw 581 project submissions within its first month of going live.

Where will the wind blow next?

Five months later, Telefónica carried out a major corporate reorganization in Latin America, Europe and the new Telefónica Digital, with Wayra forming part of the latter.

Álvarez-Pallete moved from Latin America to Europe, where he reallocated more of the resources under his control to Wayra. Within a year, Wayra established a presence in the Czech Republic, Germany, Ireland and the United Kingdom.

In November 2012, Wayra became part of Telefónica's corporate strategy division, reporting directly to the company chair.

By 2013, Wayra had created 14 academies in 13 countries, incubated 297 start-ups and evaluated some 20,000 projects.

Now the question is how Wayra can go from being a project to instilling an entrepreneurial spirit and culture across all areas of the organization?

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