23 November 2026



When Autonomy Is Not Enough: Designing Governance for Exploration

When Autonomy Turns into Isolation

To foster new business creation and corporate innovation, some companies establish dedicated exploration units that operate separately from their core businesses. These units may have their own teams and budgets, allowing them to explore new technologies and business models without being bound by the same evaluation criteria and decision-making processes as the core business. Some are located overseas, while others operate under different rules or performance frameworks from the rest of the organization. Giving these units a degree of autonomy can be valuable, as applying the same short-term financial expectations and operating processes used in established businesses can make it difficult to pursue exploration under high uncertainty.

Yet creating distance from the core does not automatically enable an exploration unit to operate effectively on its own. If that distance also weakens its ties to headquarters, the autonomy the structure was intended to create can instead turn into isolation. A team may be given considerable latitude while lacking clear parameters for decision-making or knowing where to turn for the support it needs. At the same time, it may still be held accountable to headquarters for results. That freedom has little practical value if the unit loses access to the organizational support and decision-making channels needed to turn exploration into new businesses.

Effective Autonomy Requires Clear Decision Boundaries

Giving an exploration unit freedom does not mean leaving it entirely on its own. For autonomy to work, headquarters needs to define the conditions within which the unit can operate: where it should focus, what it can decide for itself, and what resources it can draw on. Without that clarity, asking a team to “think freely” may give it broad discretion without a clear basis for making decisions.

That said, if headquarters dictates the substance of exploration in detail, there is little point in creating a separate unit. The task is to distinguish between the decisions headquarters should retain and those the exploration unit should own. Headquarters may set the strategic domains and broad direction, while leaving the unit to decide how individual hypotheses are tested and which external partners to engage. It can define the resources available without prescribing how every resource should be deployed. The objective is to provide enough governance structure to guide decision-making while preserving the unit’s discretion over exploration.

Copyright © 2026 Industrial Growth Platform Pte. Ltd. (IGPI Singapore) All Rights Reserved.

Greater autonomy therefore does not eliminate the role of headquarters. Headquarters can step back from day-to-day exploration while remaining explicit about direction, resources, and decision rights. It is this balance that allows an exploration unit to make and act on decisions without constant headquarters involvement.

Who Should Own the Decision to Stop?

Designing an exploration unit requires clarity not only about what it is authorized to initiate, but also about who is responsible for deciding when to stop. New business creation is inherently uncertain, and not every initiative will reach commercialization. Decisions about whether to continue, invest further, or exit should therefore be considered from the outset.

The difficulty arises when the decision to stop is left entirely to the team conducting the exploration. By that point, the initiative may already represent a considerable investment of time and resources, involve multiple stakeholders, and carry significant organizational commitment. If the initiative was launched with strong backing from senior leadership, recommending that it be discontinued can carry additional organizational, psychological, and political costs. As a result, an initiative may continue even when there is growing recognition that it is falling short of expectations. Autonomy intended to enable exploration can thus create a different governance problem if it is not clear who owns the decision to stop.

Exploration units need sufficient latitude to test hypotheses, adapt their approach, and pursue new possibilities as evidence emerges. Decisions about whether to commit substantial additional resources or terminate an initiative, however, may be better made by headquarters or senior management, which can evaluate the initiative in the context of the broader business portfolio. Responsibility for conducting exploration and responsibility for portfolio-level investment and exit decisions need not sit with the same team.

Headquarters' Role Does Not End with Creating an Exploration Unit

Once an exploration unit has been separated from the core business and given greater freedom, headquarters may be tempted to assume that the rest can simply be left to the team. However, greater autonomy does not make headquarters irrelevant. What needs to change is the nature of its involvement.

If headquarters closely manages day-to-day hypothesis testing and external collaboration, the rationale for creating a separate unit begins to disappear. At the other extreme, if headquarters fails to provide necessary support and delegates critical decisions to the unit as well, the team risks becoming isolated. The role of headquarters is not to manage exploration itself, but to create an environment in which the unit can explore independently while headquarters remains engaged in decisions that require a broader enterprise perspective.

When an initiative is discontinued, headquarters also has a role in ensuring that the outcome is not treated simply as a failure of the exploration team, but that the experience is captured as organizational learning

Copyright © 2026 Industrial Growth Platform Pte. Ltd. (IGPI Singapore) All Rights Reserved.

that can inform future exploration. The purpose of this governance is not to constrain exploration, but to enable it to function effectively.

Whether an exploration unit functions effectively therefore depends on more than how much freedom it has from headquarters. The deeper question is how deliberately headquarters has designed the conditions that allow that freedom to function. That is what can turn an exploration unit from a team operating at a distance from headquarters into one capable of driving innovation and creating new businesses.

How IGPI Can Help

Effective exploration depends in part on how the organization around it is designed. Autonomy needs to be supported by clear roles, decision rights, resource allocation, and ownership of decisions about continued investment and exit.

IGPI supports companies from new business strategy development through organizational and governance design to implementation. Taking each company's organizational structure and decision-making processes into account, our hands-on approach helps build the governance frameworks needed for headquarters and exploration units to fulfil their respective roles and enable new business creation.

About the Author

Sakata Kohki, Partner of IGPI Group & CEO of IGPI Singapore

After joining Cap Gemini and Coca Cola, Kohki joined Revamp Corporation where he managed projects on global expansion and turnaround in various sectors including F&B, healthcare, retail, IT, etc. After joining IGPI, he has managed projects mainly on global expansion and cross border M&A in various sectors such as logistics, IT, telecom, retail, etc. In addition to his broad experience in implementing solutions that has been developed in Western countries, he has developed multiple methods to turnaround Asian companies with focus on setting clear vision and employee empowerment. Kohki has proven the practicality of these methods by turning around Asian companies not only as an advisor but also as senior management.

He graduated from Waseda University Department of Political Science and Economics and IE Business School.

Issued by: Industrial Growth Platform Pte. Ltd. (IGPI Singapore)
137 Telok Ayer Street #05-01 Singapore 068602
TEL: +65 6226 1524 URL: http://www.igpi.com.sg
Contact us: https://www.igpi.com.sg/contact-us/#sendenquiry
LinkedIn

Copyright © 2026 Industrial Growth Platform Pte. Ltd. (IGPI Singapore) All Rights Reserved.