Is a Hackathon Right for Your Company? Here's What You Should Know.

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Mention "hackathon," and the image that might come to mind is of a bunch of computer geeks competing to devise some brilliant yet obscure programming solution.

There's some truth to that, but the hackathon has come a long way from its original incarnation and deserves more attention from businesses. I would argue that almost every company should be thinking about how they can use hackathons to unlock innovation and bolster teamwork — especially now. The practice is a powerful way to retain and attract good people in the post-pandemic world where employees are demanding more value and purpose at work. It's also a major morale booster, offers the opportunity for important professional development and creates new relationships that span business verticals.

The modern hackathon isn't just about coding, though tech often plays a big role in the ideas that result. I like to think of it as an ideas meritocracy. It breaks employees out of their usual work-a-day structure, allowing them to focus on innovation to solve problems.

The world's most transformative companies have woven this approach into their cultures, ensuring that employees take regular time for blue-sky thinking that doesn't necessarily yield immediate results. Google's "20 percent rule," allowing employees to take one day a week to work on side projects, famously led to the development of Gmail and Google Maps.

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Innovation ‘flywheel’

The hackathon culture can come in many different forms, from a tightly structured one-day event to a looser arrangement like Google’s. The key thing is that it establishes a network of new, organizational connections and gives teams the freedom to think big and fail. It needs to be part of a broader culture of innovation within a company, rather than a one-off event that compensates for a lack of innovative work the rest of the time.

Done well, this can create a virtuous flywheel of innovation, helping make your company a place where people feel engaged and excited to work. So, it’s surprising that many companies still don’t do it. Many leaders – especially CFOs – may resist allowing employees to have “free time” that doesn’t contribute to the bottom line in an immediate or easily measurable way.

How to get your executive team on board

Step one for instilling a successful hackathon culture is to ensure buy-in from the entire executive team, particularly financial leaders. Start small, using funds from an existing budget to minimize the costs and risks. This gives you the opportunity to prove the concept and win over skeptics who will get a first-hand view of the excitement and energy that a good hackathon creates. We gave our CFO a seat on the judging panel, a not-so-subtle way to get them personally invested in the event.

Hackathons shouldn’t just tolerate failure; they should actively celebrate it. The goal isn’t to come up with incremental improvements; it’s about sparking the kind of transformative, 10x ideas that would be unlikely to arise in

the normal course of work. When teams are aiming that high, failure needs to be accepted and encouraged as part of the process without fear of negative judgment. Today's flop could contain the seeds of tomorrow's success. At the University of Phoenix, we've introduced an Icarus prize to our quarterly two-day hackathons to recognize the idea that flew closest to the sun before bombing.

It's important to take steps to ensure that the hackathon spirit doesn't end with the event. It should become part of an overall innovation framework. I encourage companies to keep hackathon communication channels open throughout the year — perhaps via Slack. They should also continuously encourage innovative proposals and collaboration.

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Not a free-for-all

Participants should have a high degree of freedom to attack problems, but it's a good idea to have a theme for the event which imposes structure. How to choose? Perhaps identify the type of problem teams need to focus on solving or specify an area of technology, such as AI and machine learning. We once ran a special hackathon with the goal of optimizing our data infrastructure, resulting in an API-based solution to cull thousands of expensive virtual servers. The concentrated focus, free from the usual distractions, allowed engineers to challenge entrenched assumptions and find creative workarounds.

While participants need to figure out the big problems on their own without frequent check-ins, that doesn't mean they shouldn't have any support to complete their visions. Teams should be given access to resources such as tech infrastructure services and user experience expertise to help them avoid running into ditches.

Organizers should also consider throwing the hackathon doors open to external participants. So long as potential intellectual property issues can be surmounted, this can benefit an organization by exposing problems to fresh thinking and acting as a recruiting tool for those who do good work and are attracted to an innovative culture.

Lastly, don’t forget to bring the fun! Some of the most powerful effects of a hackathon are the contagious enthusiasm and team-bonding they can drive, so it’s counterproductive to run them in a sterile, dry atmosphere. Organizers should lay on lunch, crank up the music and even encourage teams to unleash their inner geek!

So, stop looking outside your organization for solutions to your biggest tech problems. The solution is probably working for you right now.

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