Chronic Problem #1: Lack of a Strategy

by Bill Poston

Business strategies are often communicated with a liberal dose of the word “innovation,” and a clear statement of organic growth goals. What is just as often left unsaid is how much of that growth is intended to come from innovation and what form innovations need to take. The lack of a clearly articulated innovation strategy is a chronic problem across organizations in every industry.

Even if we know what the innovation growth targets are, it is rare that we can tie those goals to specific initiatives or portfolio allocations, or that we have fully accounted for cannibalization or other changes in the base business. An innovation strategy should not only answer the “what” question, it must answer the “how” and create linkages between innovation investments, expected results and the core business plan.

Developing an innovation strategy is not a difficult task. In the absence of a documented strategy, whatever you are doing now is your strategy. We simply need to answer a few questions, such as:

- What are our goals from innovation? Top line growth? Margin enhancement? Share?
- What are the return expectations on investments in innovation? Can we measure them?
- How much do we need to invest in innovation to achieve our goals? What do others do?
- What is the profile of the innovation portfolio required to deliver expected results?
- How much risk are we willing to stomach when reaching for growth from innovation?
- How much are we going to do with internal resources versus leveraging a network?

There are a dozen or more additional questions that a comprehensive innovation strategy would answer, but these give you a good place to start. Once the strategy is down on paper, then we can communicate, debate, improve and modify it as necessary. A clear strategy provides a roadmap and keeps the focus on the hard work of innovation execution.

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About the Author

Bill Poston
bill.poston@kalypso.com
For the past 30 years, Bill has helped executives in technology-driven industries transform their competencies to deliver results. He is a highly regarded consultant, speaker, and writer on the topics of innovation strategy, product development, portfolio management, technology commercialization, and the software systems that enable innovation. Keep up with Bill's latest research and thoughts on innovation and the rising role of the Chief Innovation Officer at www.TheChiefInnovationOfficer.com.