Corporate Innovation Funding - Part 1

by Bill Poston

Innovation executives at the corporate level have the unique challenge of accepting accountability for delivering results from innovation, even though most – or all – of the real work of development and commercialization occurs within business unit structures. Effective Chief Innovation Officers are adept at influencing the shape of innovation portfolios and coaching business unit executives on the steps they need to take to meet organic growth goals. Those corporate executives with sizable budgets are more influential. Allocating investment from a large corporate innovation budget is its own challenge.

I have seen many models and learned a lot of “what not to dos” with corporate budgets. The first decision is allocating budget between funding specific innovation initiatives (call that production) and spending on building capabilities - processes, networks, systems, tools, and training - that enable more effective innovation (call that productive capacity.) This is an old idea, but investments in productive capacity are often overlooked or undervalued relative to the benefit of launching something now. Balance is the key.

Corporate funding can make it easier for a business unit to make – and stick with – investments in new capabilities without having to bear the short-term costs and risk of missing margin targets. Corporate shared spending on increasing productive capacity can also come with strings attached that are good for the corporation as a whole, like insisting on commonality of systems and collaboration across business units.

If you are a corporate-level Chief Innovation Officer looking for a big budget, you should know how you intend to use the money.

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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.