How to Protect Breakthrough Innovation: Define an Innovation Strategy

by Pamela Soin and Austin Locke

A company’s portfolio can generally be segmented into three types of innovation: incremental, adjacent, and breakthrough. Incremental innovations are minor improvements to existing products or small steps in to a new market. Adjacent innovations are more novel than incremental innovations and often involve applying an existing core competency in a new area. Breakthrough innovations, often referred to as transformational, radical, or disruptive innovations, are game-changing products or unique business models that revolutionize markets. This series focuses on innovations of the breakthrough variety.

Recently, Noel Sobelman detailed how to deliver breakthrough innovation through collaborative development. Here, we discuss how to protect breakthrough innovation projects in your portfolio.

This series will discuss the following five recommendations that Chief Innovation Officers cited should be used to protect breakthrough innovation:

1. Define an innovation strategy
2. Involve the business early in what the breakthrough team is doing
3. Designate a sponsor (board) to promote the biggest breakthroughs
4. Employ competitive analysis to monitor the portfolio’s mix
5. Utilize a portfolio strategist to understand the impact of breakthrough innovations

Define an Innovation Strategy

In Alice in Wonderland, the entrancing Cheshire cat teaches a significant lesson. As Alice wanders aimlessly through Wonderland she comes to a crossroads with various signs pointing her in a multitude of directions. At this moment, the mysterious Cheshire cat appears, sings a song, and begins to disappear. Although amused by the cat’s antics, Alice has one important question, “I just wanted to ask you which way I ought to go.” The cat’s response is both philosophical and precise; “Well, that depends on where you want to get to.”

If an organization does not have a defined innovation strategy, it will be extremely difficult to know which potential breakthrough innovations to protect. An innovation strategy tells the organization how it will meet its organic growth goals and acts as a “true north” to guide investment. It will help you see what is worth cultivating and protecting. Begin to define or improve your innovation strategy by asking yourself a series of questions such as the following:

- What are our organic growth goals?
- How do our growth expectations compare with the growth expectations of the market?
- How competitive is our business?
- What are our key strengths? What do we want them to be?
- What are expected market trends and areas of opportunity over the next year? Five years?

Your innovation strategy will also help you decide what percentage of your overall budget should be allocated to working on breakthrough innovation. Many times, we see organizations set aside a budget for breakthrough innovation (often higher risk investments with longer cycles to realize value) only to “steal” from that bucket at a later time and reinvest in short term incremental projects that provide more immediate value. A well-defined and followed innovation strategy can help prevent this “stealing” and protect your investments in truly breakthrough projects.

Part two of this series will discuss why it’s important to involve the business in the breakthrough team’s efforts as early as possible.

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About the Authors

Pamela Soin
pam.soin@kalypso.com
Pamela enjoys international travel, designer fashion, and hopes to one day hit #1 on The New York Times Bestseller list.

Austin Locke
austin.locke@kalypso.com
Austin is recognized thought leader focused in the Strategy & Operations and Digital practices.