I met with a former client recently to get caught up on life and his work in innovation. He leads the innovation and product development program office for a large, global life sciences corporation. The primary responsibilities of the group are management and execution of the portfolio management and program review processes, resource allocation, and innovation performance reporting.

He is struggling with the company’s innovation dashboard because it is focused entirely on R&D operations and doesn’t really measure the value created from innovation results. They have a great scorecard for measuring development efficiency, cycle times, schedule predictability, resource utilization and throughput (in terms of number of projects). These are great things to track and improve, but do not tell us anything about the business results derived from all this effort.

Elevating the scorecard to track the return on their investment in innovation would require a much more sophisticated measurement system that went outside of R&D for information. For them, tracking revenues and margins that flow from specific development programs is a bit like putting Humpty Dumpty back together again. Each project can produce hundreds of products in dozens of markets in multiple ERP systems. Creating a measurement system in that environment takes allies in different functions.

So we spent the back half of our time together talking about the different functional executives that he would need to seek sponsorship from in order to create a results-based monitoring system. It starts in R&D, but we also need help from the CFO, the CIO, marketing, and the presidents of the business units.

This got me thinking more broadly about the need to build a coalition at the executive level to do any meaningful transformation of the innovation function in a large corporation. Over the next couple of weeks I’ll write about each executive and their role in improving results from innovation.

More Reading

Innovation Allies
Innovation Allies: The Chief Financial Officer
Innovation Allies: The Chief Marketing Officer
Innovation Allies: The Business Unit Presidents

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