Portfolio Question #2 - Will our current portfolio deliver our organic growth goals?

by Bill Poston

It is not uncommon to hear CEOs talk publicly and explicitly about growth goals. It is, however, a rarity for these same executives to be able to link those goals to specific innovation initiatives in any tangible way. Proclamations of organic growth expectations can leave those responsible for innovation scratching their heads and wondering which development portfolio the CEO is looking at when making these statements.

That is why I suggest asking this top-level question about the aggregate expected commercial value of the innovation pipeline early in a portfolio review session. Before we dive into mix and balance questions, let’s stop and determine whether there are enough growth-generating initiatives in the pipeline to deliver against expectations. Tweaking the portfolio will not do much good if we are short by an order of magnitude.

Answering this question is difficult. We expect growth from increased distribution, enhanced pricing, and market share gains of our existing product portfolio. Teasing out that portion expected to come from new innovations is the first challenge. Estimating the net impact on the top and bottom line of planned launches is the second. Accounting for cannibalization, timing of launches, and competitor responses is often overlooked in these analyses.

Portfolio management is an important business discipline. Before we focus a lot of energy on pipeline optimization, let’s first determine whether what we’ve got has any prayer of delivering on the promise.

Read last week’s post, Portfolio Question #1: How are recently launched innovations performing in the market?

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Portfolio Question #2: Will our current portfolio deliver our organic growth goals?
Portfolio Question #3: Does the portfolio reflect our business strategy? By business unit?
Portfolio Question #4: Does the portfolio contain a diverse mix of innovation types?
Portfolio Question #5: Is the portfolio balanced? More than just risk/reward?
Portfolio Question #6: Is the portfolio balanced by phase and by expected launch date?
Portfolio Question #7: Have we clearly defined and communicated the portfolio priorities?
Portfolio Question #8: What are the constraints to delivering the projects in the portfolio?
Portfolio Question #9: Which projects should we accelerate, delay, or kill completely?
Portfolio Question #10: How can we shift key resources around to deliver the portfolio?
Portfolio Question #11: What is the impact of loading proposed projects into the pipeline?
Portfolio Question #12: What’s missing from your portfolio?

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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.