Portfolio Question #4 - Does the portfolio contain a diverse mix of innovation types?

by Bill Poston

Does the portfolio contain a diverse mix of innovation types?

In my ongoing series of portfolio review questions we now come to a question of scope. It is natural in product-based companies to have portfolio reviews that are exclusively focused on new products or new versions of existing products. This question is designed to get the portfolio review committee to think beyond the product and take responsibility for a broader definition of innovation.

There are many new innovations that do not alter the fundamental nature of a company’s product. This includes new business models, new go-to-market channels, packaging and bundling, marketing and promotions, and other forms of commercial innovation. Once a large investment in a new product platform has been made, these other types of innovation often produce superior returns on investment.

Including these other forms of innovation in a portfolio review complicates things. How do you compare the relative value of a channel innovation to that of a new product? Do these types of initiatives pull from the same resource pools? Shouldn’t we just let the individual functions govern these types of investments? Sure, defining innovation more expansively makes comparisons more complex, but the payoff is in a tighter alignment across functions to the highest value opportunities in the company’s portfolio, regardless of where they originated or who is required to execute them.

Defining the scope of the portfolio is an important task in any sustainable process to consistently review the pipeline of initiatives and optimize the investment across all types of innovation. In this case, bigger is better.

More in this series:

Portfolio Question #1: How are our recently launched innovations performing in market?
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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