Today’s digital age offers a dizzying array of digital tools, systems and solutions, many promising to bolster innovation. As a Chief Innovation Officer you will be bombarded with pressure to invest in these tools, and you should. For large organizations, these digital infrastructures are critical to breaking down functional and geographic barriers that retard innovation, increasing the transfer rate of ideas and information, and heightening organizational nimbleness.

Companies that write off these technologies and fail to integrate them into their business infrastructures are destined for obsolescence. The introduction of materials requirements planning (MRP) systems in the 1970’s is a prime example of this. In his book “Next Generation Product Development,” Michael McGrath chronicles how MRP systems radically disrupted the world of manufacturing. Prior to this time, inventory planning and management decisions were made using average historical usage data. MRP systems integrated information across business functions allowing production managers to translate sales forecasts into master production schedules.

Companies that successfully implemented MRP systems saw tremendous benefit. According to McGrath, these companies “were able to slash their inventories by half or more” and improved the reliability of customer deliveries by an average of 35 percent. More profound, perhaps, are the consequences faced by manufacturers that failed to adopt the MRP system.

McGrath concludes: “It took most of the 1970’s for most companies to fully adopt MRP. But it became a minimum level of performance to remain competitive. Managing with information replaced management based on physical memory. Companies that did not make this transition were no longer manufacturing.”

Today’s digital solutions expand beyond MRP to support and enable all stages of the innovation process. They include ideation tools, collaborative design technologies, simulation and prototyping solutions, portfolio and pipeline management systems, and product lifecycle management platforms. Some are focused on increasing productivity, others deliver market and customer insights. At the top level, they enable decision support and the monitoring of innovation performance.

For executives accountable for innovation performance, the cost of failing to adopt disruptive digital enablers is no less significant than MRP was for McGrath’s manufacturing executives in the 70’s. According to a 2013 study conducted by Booze&co, companies, on average, spend more than eight percent of their total R&D budgets on digital tools and enablers.

As the competition continues to invest in digital infrastructures to increase their innovation performance, the impetus felt by innovation executives to follow suit is well deserved. Nevertheless, don’t be too quick to pull the trigger. As an innovation executive, taking the time to identify the digital enablers that best align with your business’s unique set of needs and strategies is well worth the investment. Our experience also suggests that overlooking the behavior change required by employees to adopt digital enablers into their daily routines can dismantle even the most well-intentioned digital investment. Chartering a dedicated change management effort to prevent employees from reverting to their old familiarities will ensure that the desired results on which your digital investment was justified are realized.
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