Hundreds of billions of dollars are spent every year to launch new products even though many ultimately fail to deliver promised returns. To improve innovation success rates, companies should look inward and invest in building innovation capabilities.

Improving innovation capabilities is a journey, but it can be summed up in a simple, sequential three-step process.

1. **Prepare** — Make the commitment to develop or enhance an innovation capability and set aside or acquire the necessary resources to do so
2. **Build** — Develop a framework or methodology that delivers the capability, including execution timelines, sample deliverables, and roles and responsibilities
3. **Sustain** — Roll out the capability to the broader organization and strive for adoption and continuous improvement

Developing sustainable capabilities requires a holistic change effort that affects people, processes and technology. For each step, a plan must be carefully crafted and executed to overcome organizational inertia.

The process is not without pitfalls. Listed below are some common challenges that companies face at each step, as well as some leading practices to overcome them.

**Step One: Prepare**

Companies frequently rush through the planning step in an attempt to deliver economic benefits faster. Innovation leaders start working before building a coalition of stakeholders or aligning with leadership, and end up struggling with organizational adoption and resource commitment to drive scale.

This also creates problems from a program management standpoint because knowledge-building initiatives are pressured to deliver early results to justify their funding just like cost savings projects or line extensions.

To avoid this tendency to rush, a leading CPG company prioritized the capabilities they needed to develop according to:

(i) Relative importance to delivering the strategy and desired results
(ii) Expected benefits of their development to the broader organization
(iii) Complexity and cost to implement

The resulting capability roadmap doubled as a war drum and eventually helped deliver leadership support and resources required to fund an innovation transformation initiative.

**Step Two: Build**

Companies often develop their capabilities in isolation, attempting to solve only the problem at hand and nothing else. This downplays the importance of the “fit factor” between the new capability and the organization. Solutions developed in isolation typically receive a lukewarm response and slowly disappear over time. Adoption rates never take off; or in the worst cases, new capabilities are never adopted because they conflict with other operating processes and no one is willing to resolve the resulting issues.
The following two tactics are particularly effective remedies:

- **Capability support networks:** Designate a cross-functional stakeholder group and an individual with proven subject matter expertise as “capability owners.” The stakeholder team acts as a sponsor to socialize the capability within the organization, and as a validator to ensure the capability fits the organization’s needs. The individual owner becomes the go-to person for project teams that want to utilize the capability for their project.

- **Pilot projects:** As soon as a “working draft” of the capability is produced, the best way to iron out the wrinkles and to validate touch points with existing business processes (such as phase-gate, market planning and business planning), is to pilot the capability in an current new product development project. Approach these projects as a test run for the capability, and incorporate the lessons learned as you would in a new product development project.

**Step Three: Sustain**

The two objectives of this final step – adoption and continuous improvement – are particularly challenging to achieve because they involve organizational learning.

For training, standard documentation mediums are not enough. The typical PowerPoint and training session combo that concentrates on theoretical knowledge (as opposed to application) usually fails to fulfill learning needs. The repercussions include dismal adoption rates and limited organizational improvement.

One way to overcome this obstacle is to structure and store the solution within a knowledge management (KM) system – a central repository that contains training modules, takeaways from implementations, “gold standard” deliverables, and case studies. KM systems facilitate learning by making knowledge easily accessible for individuals, but they only provide a stepping stone to developing truly sustainable innovation capabilities.

Marshall Goldsmith provides some useful advice on this topic: “Very few people achieve positive, lasting change without ongoing follow-up [unless] they know someone [like their manager] is watching. The key is measurement and follow-up, in all their myriad forms.” Building on this thought, we offer our two final recommendations:

**Measure adoption and improvement.** Design SMART (specific, measurable, attainable, relevant and time-bound) metrics into roll-out plans to track adoption and continuous improvement. Establish a results assessment cycle in which corrective actions are taken in a timely manner.

**Incent organizational change.** Hold individuals accountable for the agreed-upon adoption and improvement metrics, and align their incentives appropriately to prompt them to act on opportunities for improvement.

Although creating sustainable innovation capabilities is a tough challenge, companies that approach it in a systematic, holistic way will definitely enjoy a competitive advantage.