Build an Innovation Engine in 90 Days – Commentary

by Noel Sobelman

Scott Anthony, David Duncan, and Pontus Siren’s article in the December 2014 edition of the *Harvard Business Review*, “Build an Innovation Engine in 90 Days,” is a compelling read. The article introduces the concept of a minimum viable innovation system (MVIS), an approach to innovation performance improvement that suggests companies quickly put in place some basic process building blocks rather than undertake a long, drawn out effort requiring major organizational changes. In other words, get started and get better.

While you may be uncomfortable with the catchy 90-day promise in the article’s title (it got me to read it), I found some important points worth highlighting.

Where to Start?

My clients frequently ask me where to start the innovation improvement journey. The article’s authors suggest that you start by assessing what you have in your development pipeline. You can do this by categorizing your innovation types according to a simplified version of the horizons framework originally presented in the book *The Alchemy of Growth*. Namely, a “core innovations” category containing projects aimed to extend today’s business and a “new-growth innovations” category with projects meant to open new markets and drive transformational growth. By doing so, you can find out if your project mix supports your organic growth goals.
This starting point puts a key component of innovation strategy - development portfolio mix - ahead of execution. After all, no one wants to execute well on a poor innovation strategy. However, I contend that you must quickly address execution deficiencies if you intend to effectively deliver on the strategy.

One of my clients in the medical device industry, faced with chronically poor returns on R&D investment and eroding investor confidence, initially thought their problem was rooted in poor development execution. After a quick assessment of their development portfolio, I found a major gap between funded project projections and top-down growth expectations. While leadership set a goal to move from two to ten percent growth rates within three years, a quick analysis showed that the portfolio was stuffed with safe, product line extensions and lacked the breakthrough projects needed to close the targeted growth gap. I concluded that the execution improvements they were seeking would only take them so far if they didn’t also fix the development portfolio mix problem. The portfolio analysis helped us identify and clean out low value projects so we could divert scarce resources to accelerating several breakthrough ideas. At that point, we turned our attention to building execution capabilities.

**Learn by Doing**

Sticking with the get started and get better theme, the authors recommend kicking off a few projects with dedicated teams using a “learn by doing” approach. I’m all for piloting a new approach, but I recommend going beyond the process checklist method suggested in the article.

Instead, establish a capability framework consisting of: 1) an innovation governance team, 2) a high performance project team structure, and 3) a process work flow structure, as part of your MVIS. These three elements, described below, are fundamental to an innovation system and can be framed up in a few weeks. Once these building blocks are in place, you can use learnings from your pilot projects to build out the details of each element, setting the stage for your longer term innovation engine.

**Innovation Governance Team**

This is a cross-functional leadership team responsible for making go, no-go, and redirect decisions at key investment milestones for innovation projects with operating practices similar to a venture capital firm. This team must have the discipline to make investment decisions that balance the need for both short-term core innovations and longer-term new growth innovations. If not, separate new growth governance from core development governance, as the article’s authors point out, and create evaluation criteria suitable for breakthrough innovation (i.e., light on precise financials and heavy on validating early stage assumptions and rapid learning).

**High Performance Project Teams**

These are small, cross-functional core teams with members jointly accountable for in-market success. For new growth innovation, consider staffing with outside specialists and your most progressive leaders. These teams will need to break free of ingrained methods more suitable to core innovation, especially in the early stages where rapid test and learn cycles are the norm.

**Process Work Flow**

This is work flow guidance organized in a hierarchy of phases, steps, tasks and activities. Start by establishing top level phases separated by four or five key investment milestones. From there, use the pilot approach to build out and refine task-level detail further down the process hierarchy. Benefits include:

- Enables innovation teams to focus on content without having to re-invent the process each time
Focuses on driving to results and outcomes, not crossing tasks off a checklist
- Makes visible key cross-functional dependencies
- Over time, incorporates lessons-learned and best practices

Freeing up resources, especially dedicated resources, is not an easy task for any organization. The article offers up a few helpful tips for freeing up key individuals by seeking out and killing what it calls “zombie projects” (go nowhere pet projects or redundant projects that refuse to die). Advanced organizations carry out this type of purposeful pipeline pruning as an ongoing activity versus a one time event.

Remove Innovation Barriers

Toward the end of the article, the authors point out that “work on the MVIS should highlight some of the large barriers to innovation inside an organization” and goes on to mention a few. It’s up to you to rewire them as you roll out and scale the system. Here are some thoughts to get you started:

Corporate Budgeting

Don’t confuse annual corporate budgeting with project selection or development portfolio management. Markets, technologies, and customer buying behavior changes too fast in today’s world. You need a process that runs on a tight frequency, allows priorities to shift, enables real time reallocation of resources, and has tolerance for the uncertainty that comes with game changers. Corporate budgeting can define the scope of your company’s investment, but in most industries, innovation leadership should make investment allocation decisions on a more dynamic basis.

Incentive Systems

Measure performance of project team members based on project team performance and in-market results. In leading organizations, team based metrics represent more than 50 percent of an individual’s performance review. When it comes to new growth initiatives, be sure to reward learning, risk resolution, and fast failure.

Strategic Planning Systems

Set aside time to look for white space opportunities and identify threats that may disrupt your core business. Think longer-term about the potential for competitors to fundamentally undermine your business model. What could someone possibly develop that would completely obviate the need for your product?

Anthony, Duncan, and Siren have come up with an excellent approach to guide you in building your innovation engine. Start by assessing alignment between strategy and the projects in your development pipeline, establish the fundamental elements of your long-term innovation system, get started with a few pilot projects, and remove barriers. Whether it takes you 90 days or 190, the point is to get started and get better.

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For the past 25 years Noel has worked extensively in the areas of innovation strategy, product development, portfolio management, product commercialization, and the software systems that enable innovation. His industry background includes experience with high technology, life sciences, consumer packaged goods, industrial, and renewable energy companies. He is a frequent speaker, researcher, and writer on innovation effectiveness, disruptive innovation, and time-to-market reduction.

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