



Process-led Innovation: How a Defined Innovation Process Can Lead to Insight and Inspiration, and Get Promising New Ideas to Market More Successfully



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In today's economic environment, companies are eager for growth after a period of retrenchment. Yet many companies struggle with how and where to make investments for the next generation of growth opportunities.

As a start, business leaders often increase investment in R&D and implement leading practices in new business and product development. Some attempt to rally their forces around an innovation program, only to look over their shoulder and find no one's behind them when it comes time to charge the hill. Still others find that there is no shortage of ideas, just a shortage of ideas worthy of investment. Or they become paralyzed by indecision, afraid to invest without more certainty of payback. So they ask themselves what's missing, why isn't their company generating innovation to fuel the next growth stage?

Many times, there's a focused effort to define the process by which companies identify, select, invest and scale new business opportunities. But can an "innovation process" lead to breakthroughs and, ultimately, that sought-after growth? Isn't innovation supposed to be the product of that eureka moment in the labs, or that aha moment of market research?

Those sources can be the beginnings of new growth opportunities. But what many companies are discovering is that a disciplined, rigorous process for innovation is necessary to generate insights and inspirations that are valued by the market and, equally important, to get them to market.

Companies, large companies in particular, get very efficient over time at making products or providing services. After all, efficiency is part of how business leaders and their shareholders get rewarded. The challenge, however, is that when compa-

nies optimize around certain processes and skills, it's difficult to introduce ideas that rethink existing business models, challenge industry assumptions or move beyond incremental product or service improvements. It's at that point that new ideas gather momentum and executive attention in a company that the corporate antibodies begin to attack, starving promising new product concepts or business ventures of resources and funding before they have a chance to make it to market. (As the leader of a corporate new business initiative, you know you've reached that point when your colleagues in traditional lines of business speak of your efforts in terms of "empire building.")

In an effort to put some structure and definition around an innovation initiative or new growth objectives, companies often define and document their innovation process. Sometimes that shows up in the form of a product development process, sometimes it looks like business planning. Unfortunately, it can also take the form of a corporate group hug with little to show for the time, money and senior management attention invested.

In my work consulting with executives on strategy and new business development and experience launching new businesses within large corporations, I have found that the most successful initiatives are born of a disciplined, rigorous and sustained innovation process and are linked to the corporation's business strategy. Laying the foundation for innovation begins

with developing a common language and tools to identify, screen and develop new business opportunities coupled with the employees who have both the domain expertise and the right temperament for the ambiguities and challenges of new business creation.

At the electronics division of a major industrial company, it was the failure to link a promising new business opportunity to the company's business strategy that ultimately doomed the initiative. The new business promised to differentiate the company's core product offerings in what was a highly commoditized industry. And once scaled, the opportunity had significant potential for high-margin growth. The initiative even had the support of many of the senior executives. But without that crucial link to the company's strategy, and the CEO's explicit support, the program never gained the funding and resources necessary to get off the ground.

While the processes by which companies manage innovation programs can be disciplined and rigorous, employees charged with new business creation should be given the latitude to explore new sources for ideas and challenge existing industry assumptions. That could range from developing a deeper understanding of the jobs that customers hire products to do, partnering with suppliers and collaborating with complementary businesses, or generating insights from a comprehensive analysis of the company's business environment and the forces that influence change in the in-

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dustry.

Recently, a business that had seen its rapid growth stall used its annual strategic planning process as a means to re-examine the market segments in which it competed. In the past, these planning sessions were more or less a dialogue between the CEO and CFO limited to revenue and EBITDA forecasts. A thorough analysis of global trends in its industry revealed that the company was well positioned to move its solutions into a new market segment, but not without a deliberate planning effort and some innovative approaches to distribution and marketing. The outcome of that effort was a breakthrough for the company – management consensus around a new vision for the company and what it would take, in terms of both investments and people, to win in the new market.

At a large, global consumer products company I recently worked with, a structured innovation process enabled the company to pull together disparate elements of the business necessary to explore new trends and identify breakthrough opportunities for the company. A well-defined process was necessary to create buy-in across various stakeholder groups and to overcome the corporate resistance that had plagued past efforts. Previously, new growth ideas would surface only to fail when they were measured against other more established businesses with more certain and immediate returns.

With senior management support for the program, Clareo Partners facilitated the innovation process, including outside experts on diverse topics and functional and regional representatives from across the company. The team identified several opportunities that have the potential to become major new businesses for the company and have received the green light for initial investment. As one of the participants said, “we would never have had these ideas surface on their own without this structure and without getting together like this.” And it required the explicit commitment from executives to back these initiatives, which were not expected to provide pay-back immediately and which would never have seen the light of day had they been subjected to previous investment criteria.

Obviously not all companies will require the type of process and structure I’ve described, but most large companies find that without it they struggle to be nimble and responsive to new opportunities in the global marketplace. They find that ad-hoc innovation won’t produce the next generation of growth businesses necessary to replace their existing business portfolio. So companies that are intentional with their innovation programs, providing structure, resources and executive sponsorship, find that process-led innovation can not only help generate new ideas for the company but also help shepherd the most promising ones to market more successfully.

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About Clareo Partners LLC

Clareo Partners is a group of experienced professionals who help companies deliver growth through business innovation. We are practitioners and thought leaders who work with clients collaboratively to define, identify, design, build, measure and manage new business creation.

We combine a unique blend of best-in-class thinking with real-world implementation planning and work with our clients on an implementation level as needed to create brand new businesses.

About the Author

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Mr. Donnellan is a business advisor with experience leading strategic product and marketing initiatives at global companies and startups. Prior to Clareo Partners, Mr. Donnellan led sales and marketing for a startup technology division of Navistar, a \$15 billion truck and engine manufacturer. In that role, he defined telematics hardware and software product plans and directed national account sales, dealer channel sales, marketing communications and product management.

Mr. Donnellan has more than eight years experience as a management consultant with IBM Business Consulting Services and predecessor firms across multiple industries including automotive, telecom/wireless and financial services. His consulting experience included advising firms on business strategy, technology, sales and marketing.

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