Innovation Portfolio Management

Towards a flow-driven innovation approach
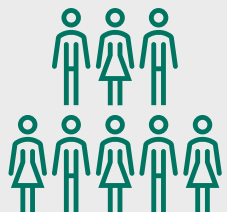
Keynotes

Brussels, December 5th, 2023

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Nice to meet you!

As a trusted **portfolio & program management** realization partner
we guide organizations to get **their strategy delivered**,
while dealing with their **demanding** and **fast-changing environment**

120
consultants

More than
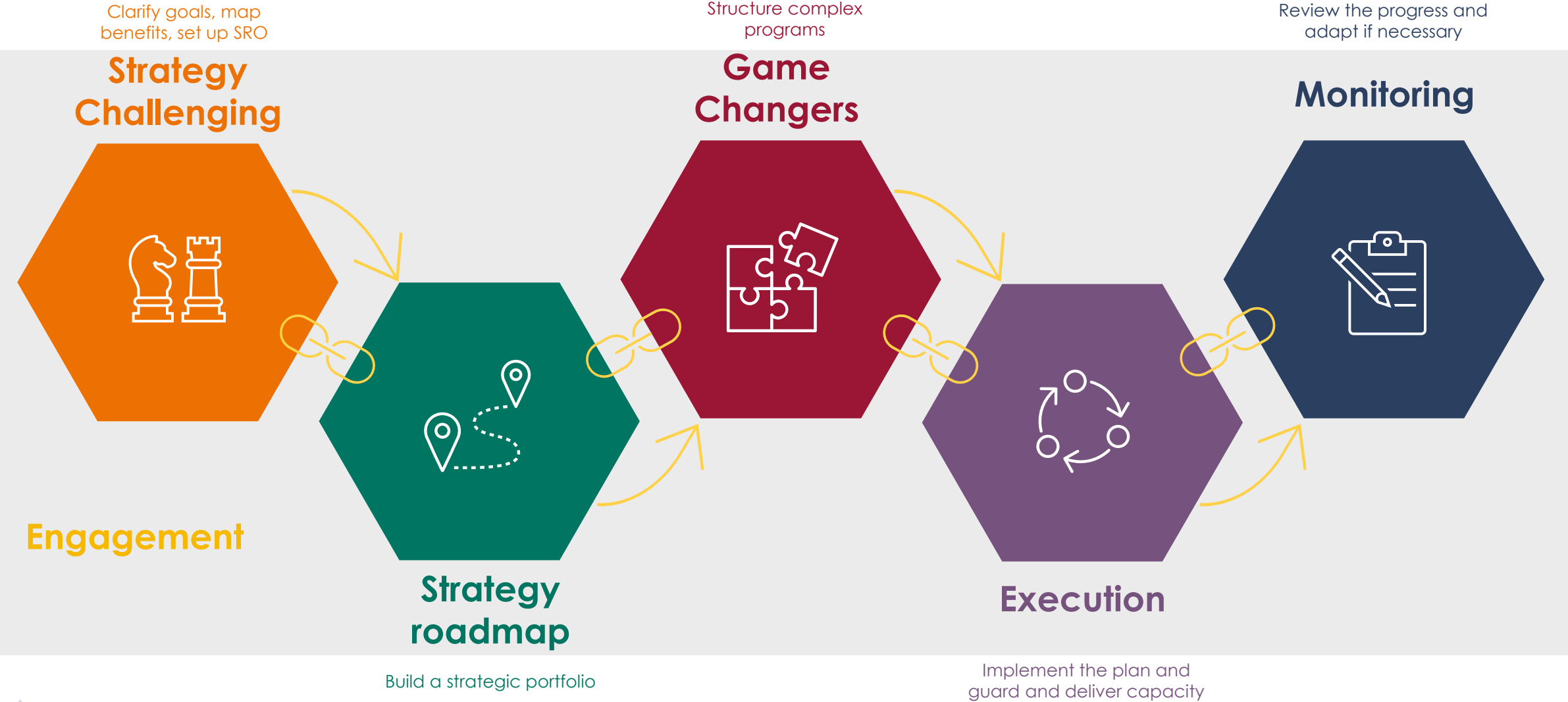**20 years** experience

Clients from the
BeNeLux and beyond

What do we do?

5 things to do differently when focusing on a flow-driven innovation approach

Jeroen D'hulst

I'm curious...

How innovative is your organization?

A Flow Driven Innovation Approach | 5 Domains

Leadership & Strategy

Governance

People & Culture

To do different things, organizations have to do things differently

Funding & Metrics

Process

1.

Create a clear vison on your innovation (and product) strategy

How important is transformational innovation for you?

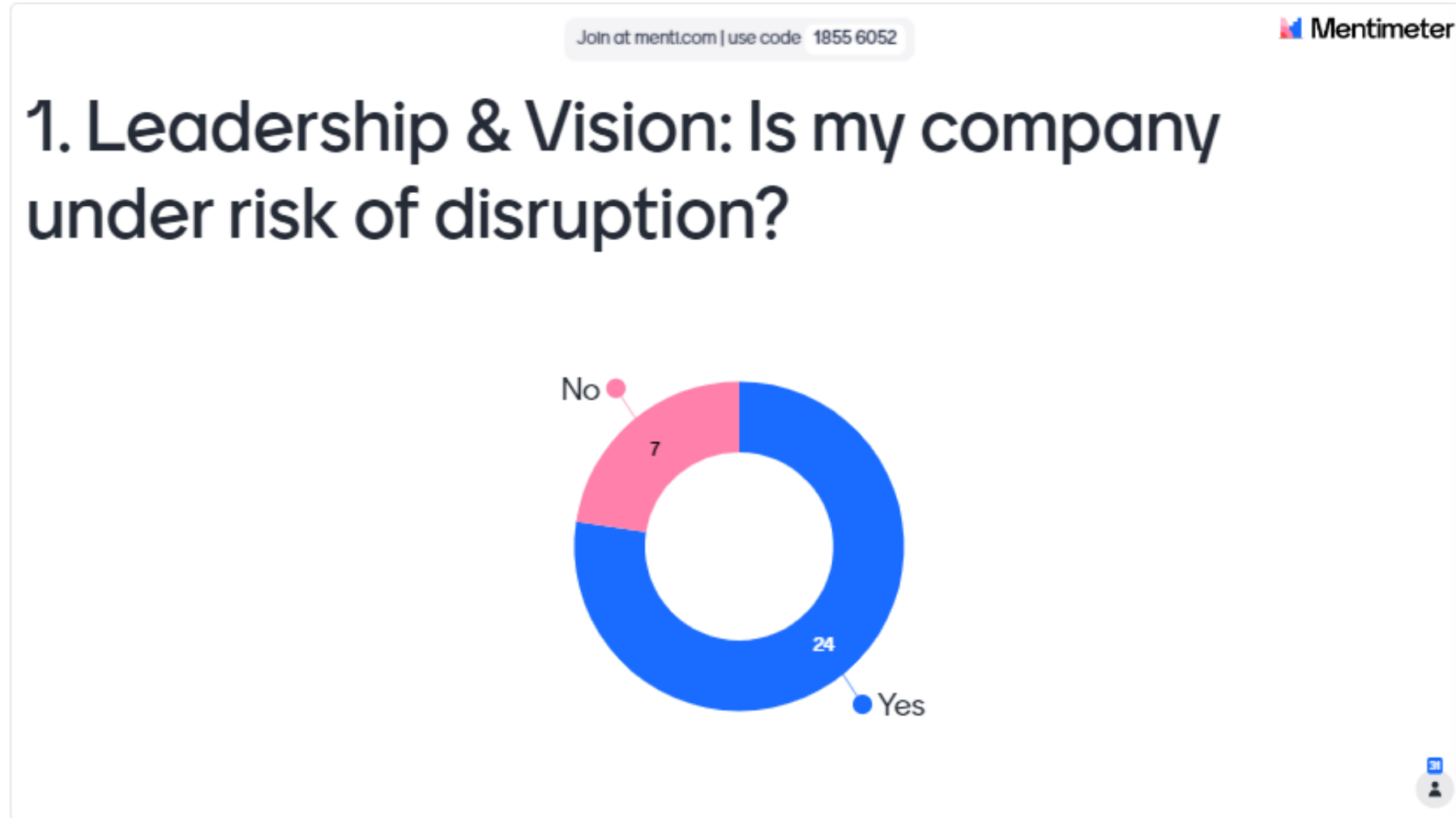**How much (time) do we want to invest in innovation?**

Is my company under risk of disruption?

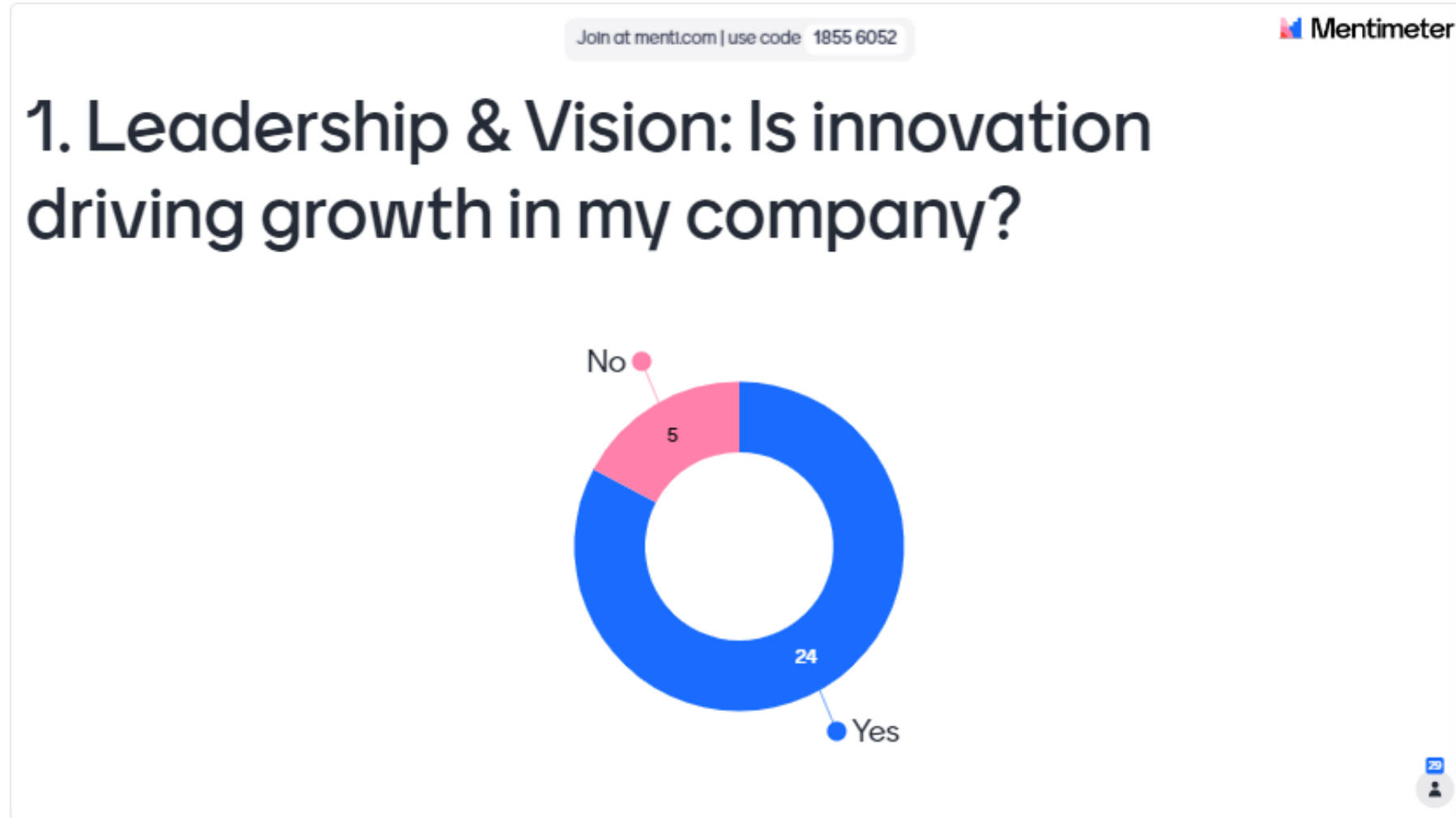Is innovation driving growth in my company?

How important is transformational innovation for you?

How much (time) do we want to invest in innovation?

How important is transformational innovation for you?

How much (time) do we want to invest in innovation?

Join at menti.com | use code 1855 6052
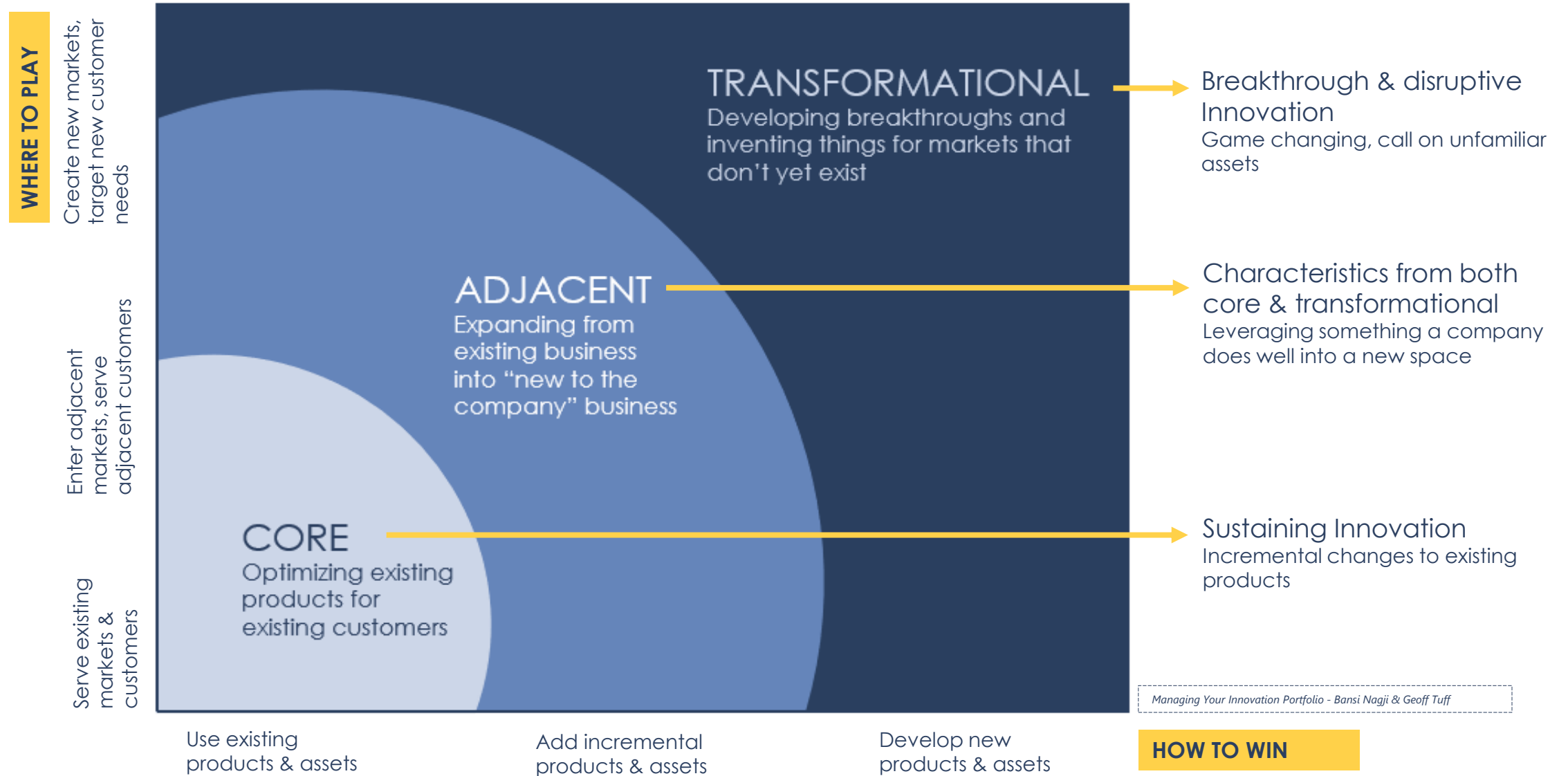
Mentimeter

1. Leadership & Vision: Is innovation driving growth in my company?

No ●

5

24

● Yes

What are we talking about?

How important is transformational innovation for you?

What is innovation in your organization?

If you talk about innovation in your organization, it stands for
- Only transformational innovation
- Only core innovation
- Only adjacent innovation
- We don't have a clear vision on it and it's a combination of 2 or 3 of them

How important is transformational innovation for you?

What is innovation in your organization?

Innovation Portfolio Management (IPM) | 5 Domains

Leadership & Strategy

People & Culture

Governance

To do different things, organizations have to do things differently

Funding & Metrics

Process

2.

Integrate Enterprise Portfolio Management and Innovation

Integrate Enterprise Portfolio Management and Innovation
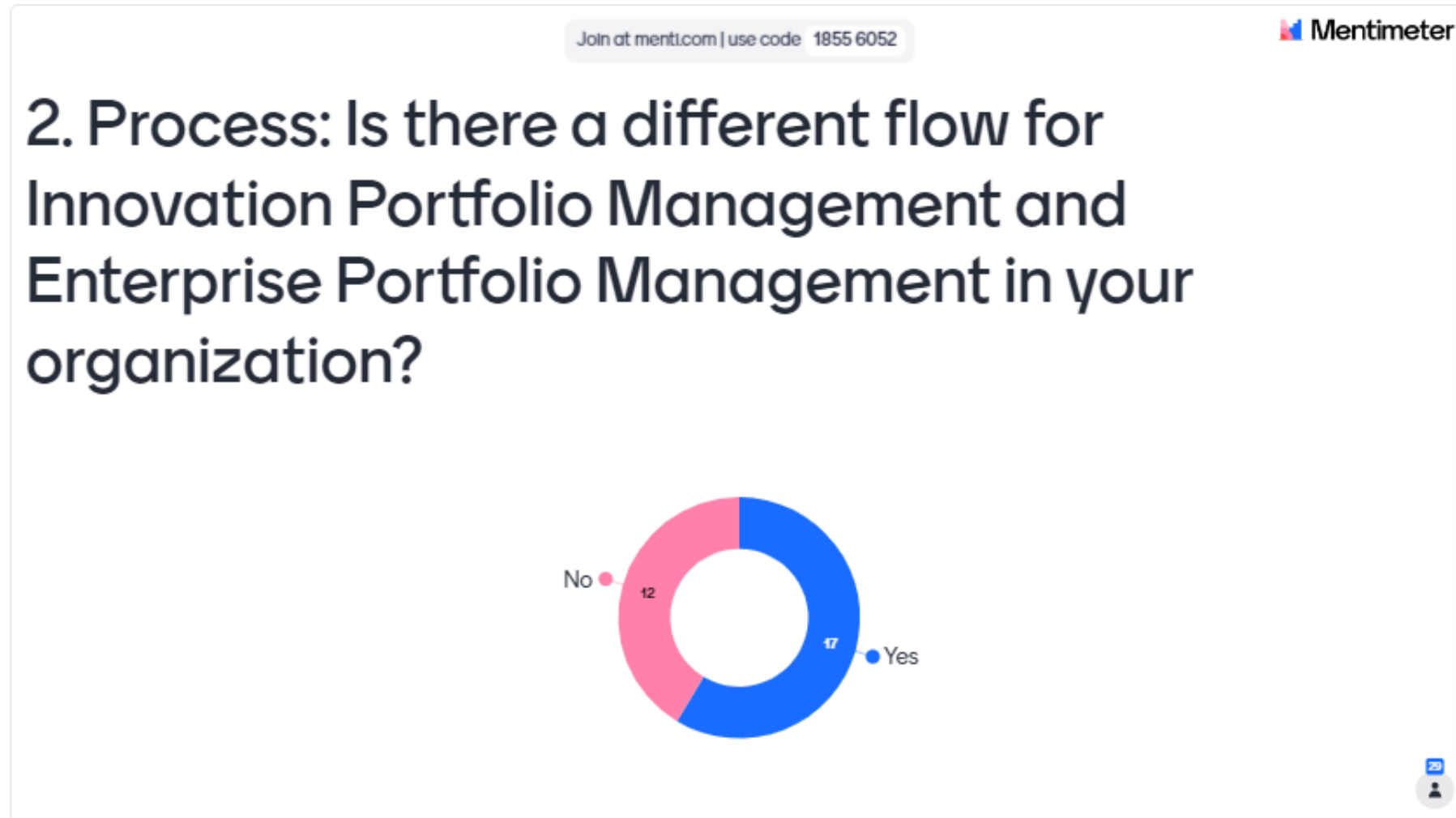
Flow oriented approach

Is there a different flow for Innovation Portfolio Management and Enterprise Portfolio Management in your organization?

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Integrate Enterprise Portfolio Management and Innovation

Flow oriented approach

Join at menti.com | use code   1855 6052

Mentimeter

2. Process: Is there a different flow for Innovation Portfolio Management and Enterprise Portfolio Management in your organization?

No • 12
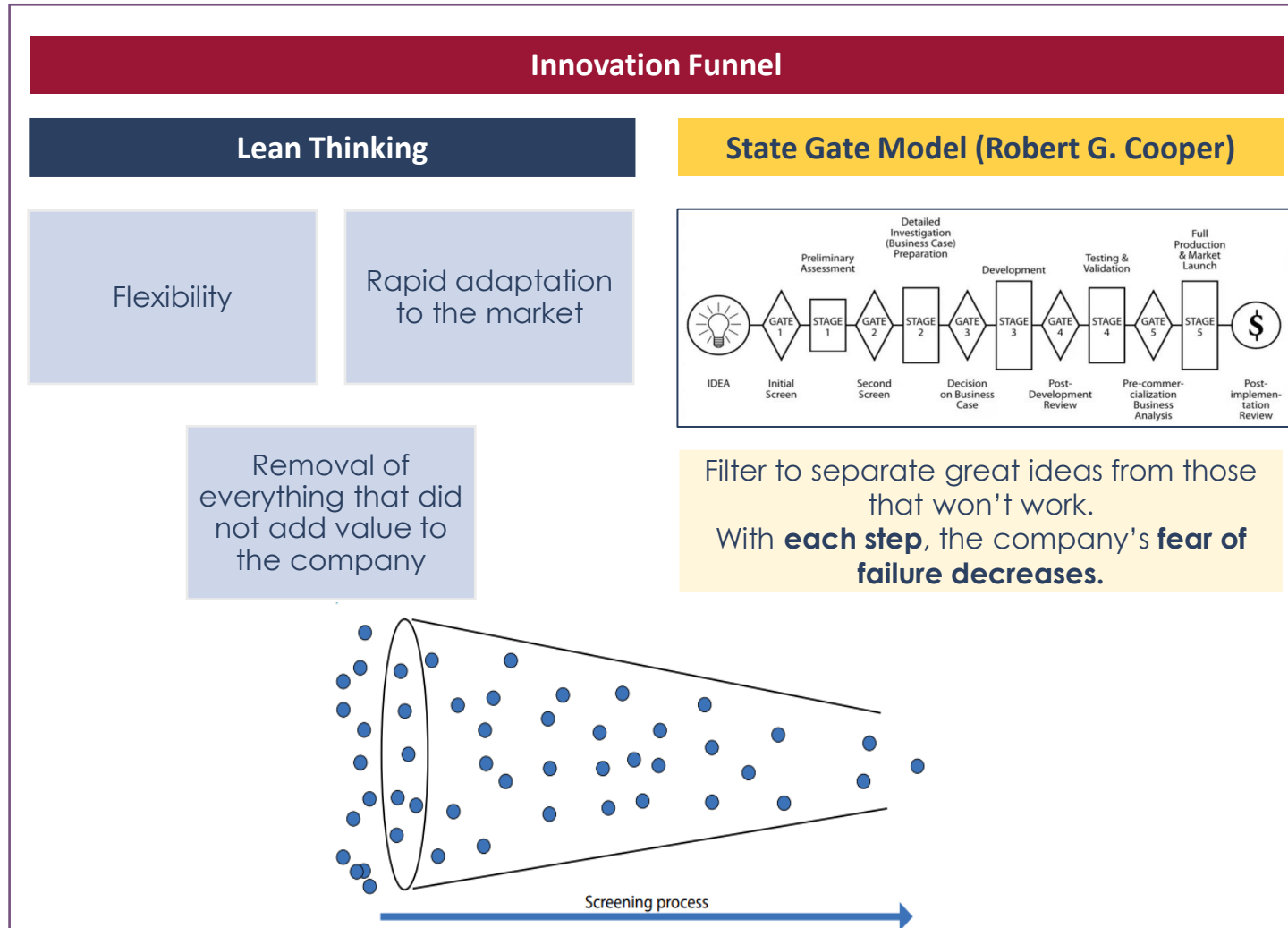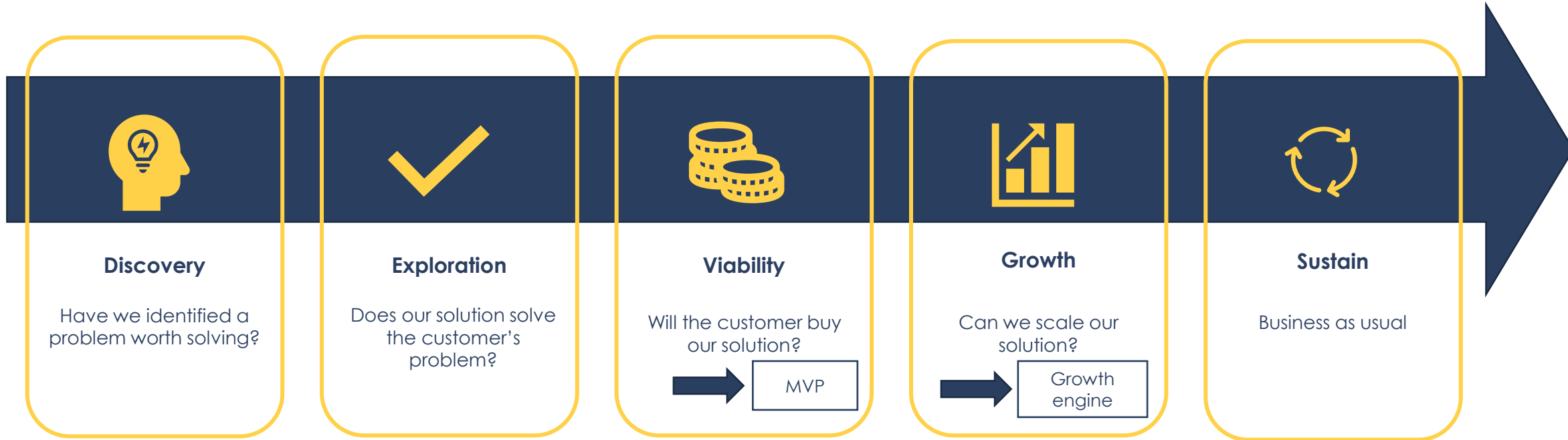
17 • Yes

From innovation towards the standing organization

Innovation Funnel

Lean Thinking	State Gate Model (Robert G. Cooper)

Lean Thinking:
- Flexibility
- Rapid adaptation to the market
- Removal of everything that did not add value to the company

State Gate Model (Robert G. Cooper):

Filter to separate great ideas from those that won't work.
With **each step**, the company's **fear of failure decreases.**

Screening process

Scheme used to :

- systematically process the **feasibility** of innovative ideas
- distinguish **winning ideas**
- **reduce the unknowns** to a minimum
- **maintain focus** on the objectives
- ensure that the r**esources work in an efficient and consistent way** with the established process
- **monitor the results** accurately

Innovation Funnel Process

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Discovery
Have we identified a problem worth solving?

Exploration
Does our solution solve the customer's problem?

Viability
Will the customer buy our solution?
→ MVP

Growth
Can we scale our solution?
→ Growth engine

Sustain
Business as usual

Analysis
Customer needs are examined, **market trends** are analysed and in-depth competitive benchmarking is carried out in order to set concrete objectives and evaluate the real opportunities that can be seized.
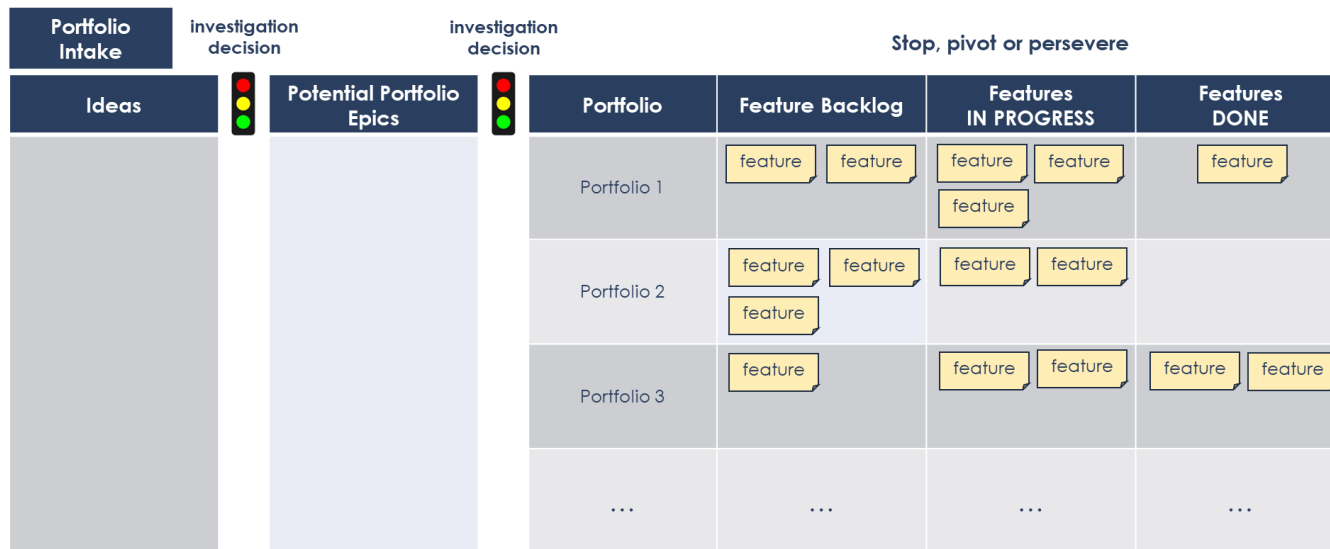
Brainstorming
The analysis is followed by brainstorming, which is a comparison phase in which ideas are formulated and expressed freely.
Selection of ideas
This is the first narrowing of the funnel: the ideas developed during the brainstorming phase are selected, eliminating those deemed less effective.

Conceptual elaboration
In this phase, the best ideas become prototypes to be tested and the budget for research and production is established.
Consumer testing
The prototypes are tested on a series of people who will provide useful feedback to understand if they are winning products or if updates or changes are needed.

Launch of the product
The final stage, of course, is the realisation of the innovative idea at a larger scale

KANBAN principle to enable flow

Reduce time, Maximize Flow of Value, and Make troubles come to the surface

Portfolio Intake	investigation decision	Potential Portfolio Epics	investigation decision	Portfolio	Feature Backlog	Features IN PROGRESS	Features DONE
Ideas	🔴🟡🟢		🔴🟡🟢	Portfolio 1	feature feature	feature feature feature	feature
				Portfolio 2	feature feature feature	feature feature	
				Portfolio 3	feature	feature feature	feature feature
				…	…	…	…

Stop, pivot or persevere

!!! THIS IS NOT A TEMPLATE !!!
The Portfolio Kanban must reflect the process that fits your context!

Added value of using KANBAN
1. Visualize the flow of work
2. Limit WIP (Work in Progress) – "Stop starting and start finishing"
3. Manage Flow (resolving/ eliminating bottlenecks)
4. Make Process Policies Explicit
5. Implement Feedback Loops
6. Improve Collaboratively as a team

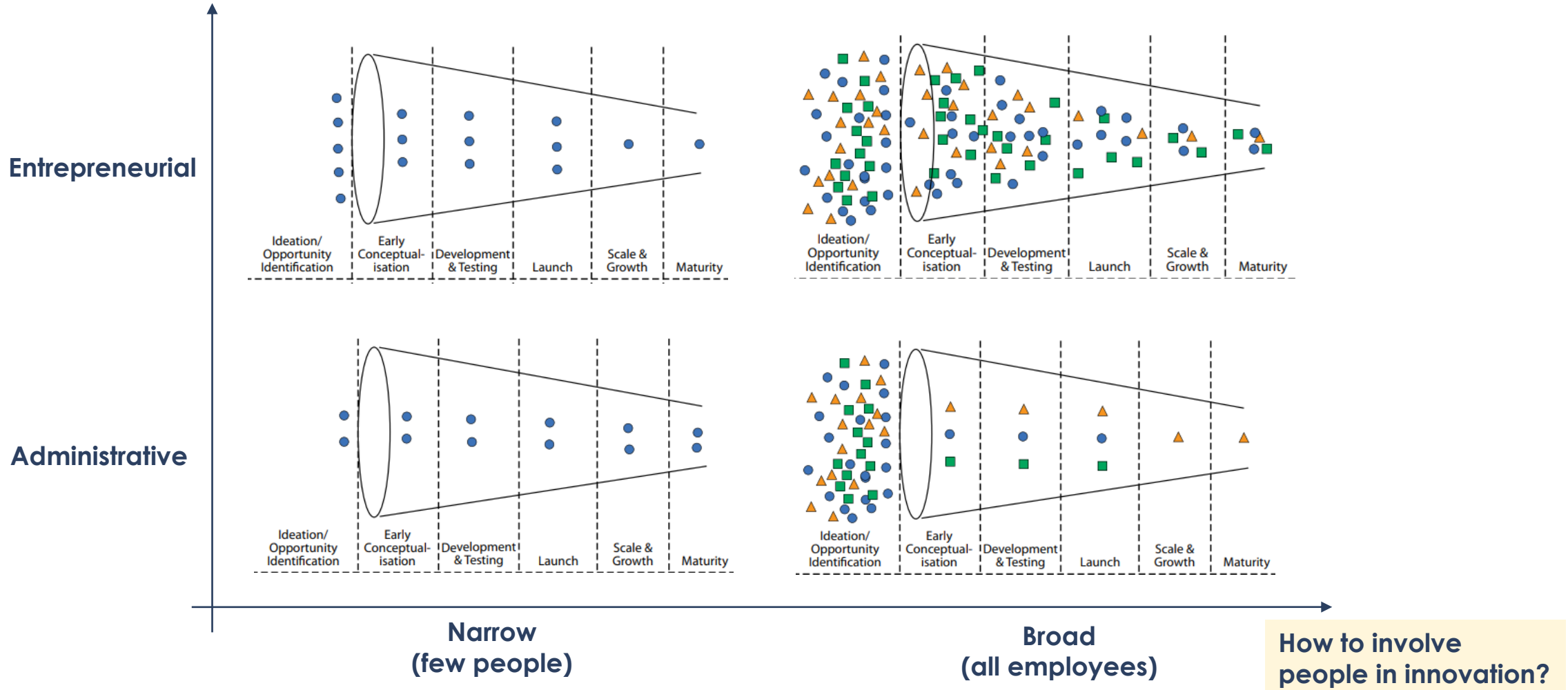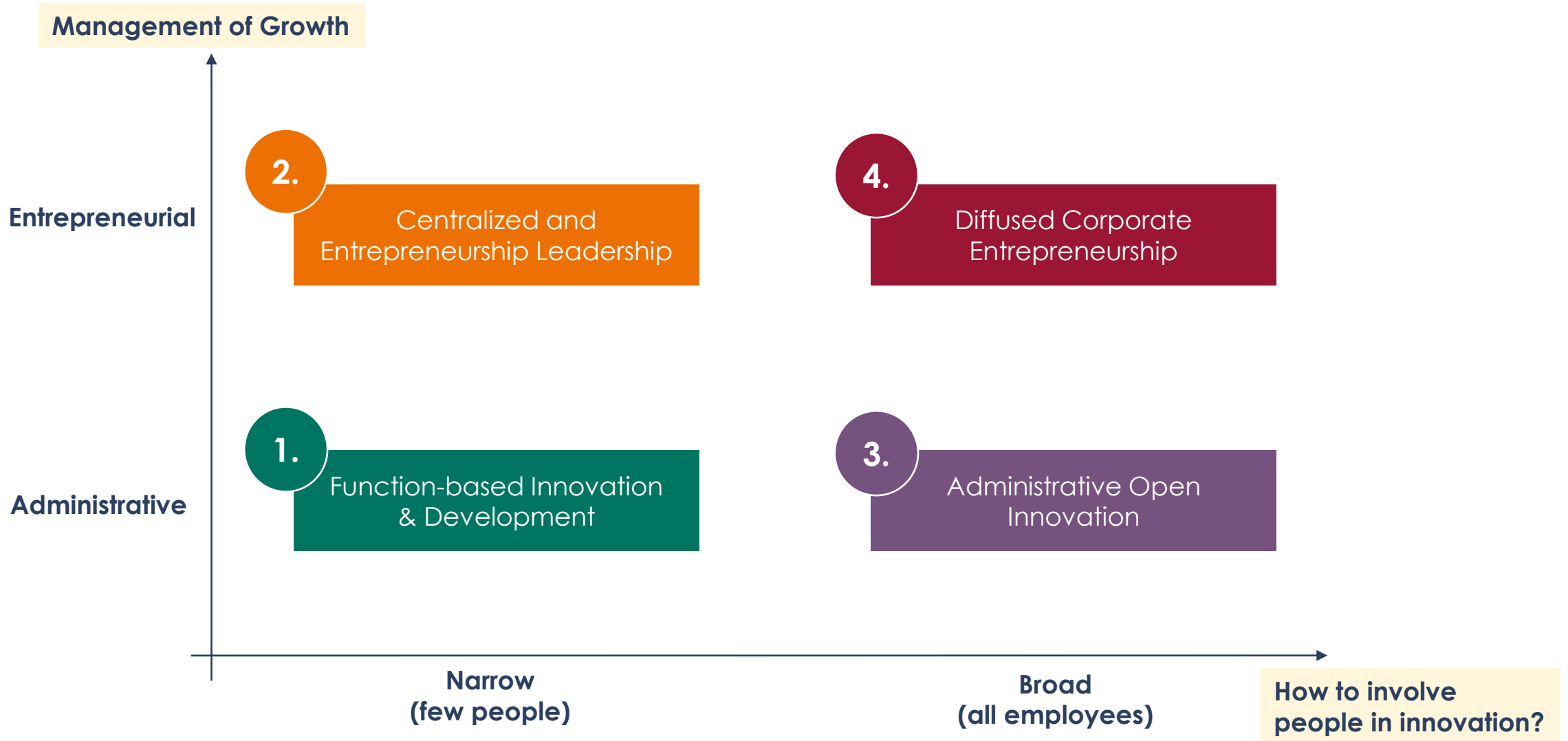# Innovation Portfolio Management (IPM) | 5 Domains

- Leadership & Strategy
- People & Culture
- Governance
- Process
- Funding & Metrics

To do different things, organizations have to do things differently

3.

Shape the Innovative Organization

Know your starting point …

Source: Mikkel Draebye: "Return of the Entrepreneur Towards a Definition and Taxonomy of Corporate Entrepreneurship, Economia&Management, no 2, 2016

Know your starting point …

Management of Growth

Entrepreneurial

2. Centralized and Entrepreneurship Leadership

4. Diffused Corporate Entrepreneurship

Administrative

1. Function-based Innovation & Development

3. Administrative Open Innovation

Narrow (few people)

Broad (all employees)

How to involve people in innovation?

Shape the Innovative Organization

What is your current structure?

What structure are you in?

Shape the Innovative Organization

What is your current structure?

Innovation Portfolio Management (IPM) | 5 Domains

Leadership & Strategy

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To do different things, organizations have to do things differently

Funding & Metrics

Process

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4.

Install a Venture (Innovation) Board separate from the Portfolio Board

Governance within Innovation Portfolio Management

Strategic PfM

Strategy & Value Ambitions

ExCom

- The ExCom **will decide on the allocation of the (Demand) Bandwidths for** Core, Adjacent and Transformation Innovation.
- **The ExCom doesn't decide on the 'scope' or specific initiatives** within each bandwidth.

Provide input and recommendations for structural changes

Provide input and recommendations for structural changes

Operational PfM

Portfolio Board

Resource allocation (and alignment?)

Venture Board

The Portfolio Board focuses on managing the portfolio of Core & Adjacent Initiatives

The Venture Board focuses on managing the portfolio of Transformational Initiatives

Governance in Innovation Portfolio management

Create a Venture Board

Does your organization have a "Venture Board"

Would this be useful?

Innovation Portfolio Management (IPM) | 5 Domains

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To do different things, organizations have to do things differently

Funding & Metrics

Process

5.

Focus on the balance between your portfolio and investment distribution

Metrics | Core, Adjacent or Transformational?

Create new markets, target new customer needs

Enter adjacent markets, serve adjacent customers

WHERE TO PLAY

Serve existing markets & customers

TRANSFORMATIONAL
Developing breakthroughs and inventing things for markets that don't yet exist

ADJACENT
Expanding from existing business into "new to the company" business

CORE
Optimizing existing products for existing customers

Breakthrough & disruptive Innovation
Game changing, call on unfamiliar assets

Characteristics from both core & transformational
Leveraging something a company does well into a new space

Sustaining Innovation
Incremental changes to existing products

Managing Your Innovation Portfolio - Bansi Nagji & Geoff Tuff

HOW TO WIN

Metrics | Core, Adjacent or Transformational

What is your assumption on the % of investments done by your company in terms of…

…core Innovation?

…adjacent Innovation?

…transformational Innovation?

Golden Ratio

Resource Allocation

ADJACENT

70%　20%　10%

TRANSFORMATIONAL

CORE
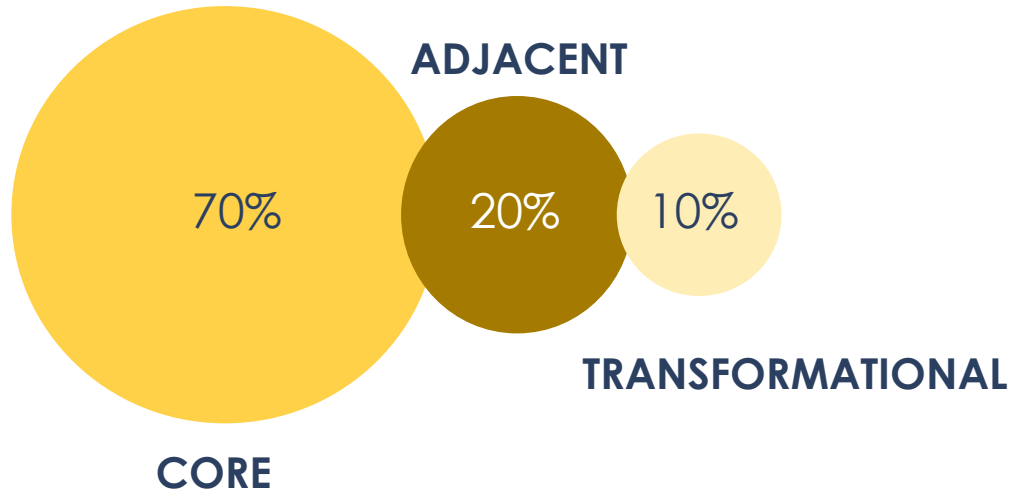
How innovation pays the bill

ADJACENT

70%　20%　10%

CORE

TRANSFORMATIONAL
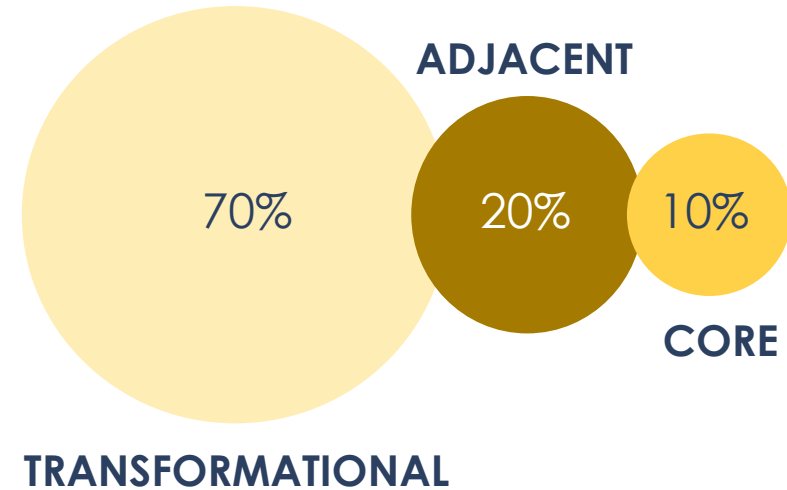
Innovation - if we don't fail, it's because we're not trying hard enough

Francis Delecluse
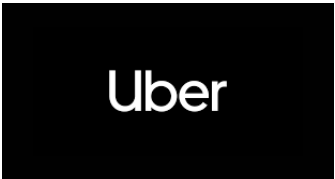
An Innovation Framework without a strategy won't make it

STRATEGY

Role of innovation & priorities

1. ORGANISATION

2. CULTURE

3. METHODOLOGIES, PROCESS & TOOLS

| 3.a Exploration & Ideation | 3.b Development | 3.c Launch |
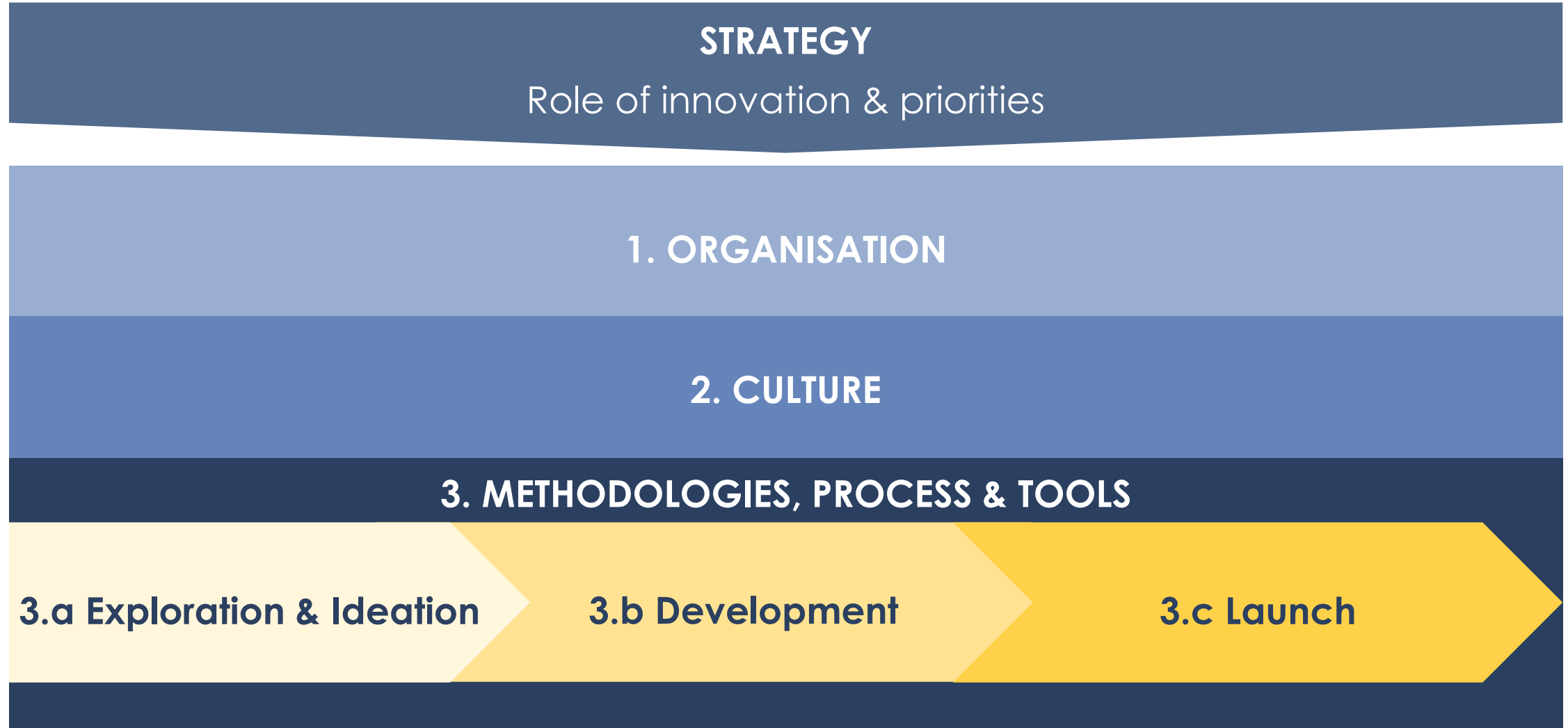
3 levels of innovation needed

EXPAND/GROW

MAINTAIN
momentum on
Existing Business

PROTECT
Your Existing Business
(RENOVATION)
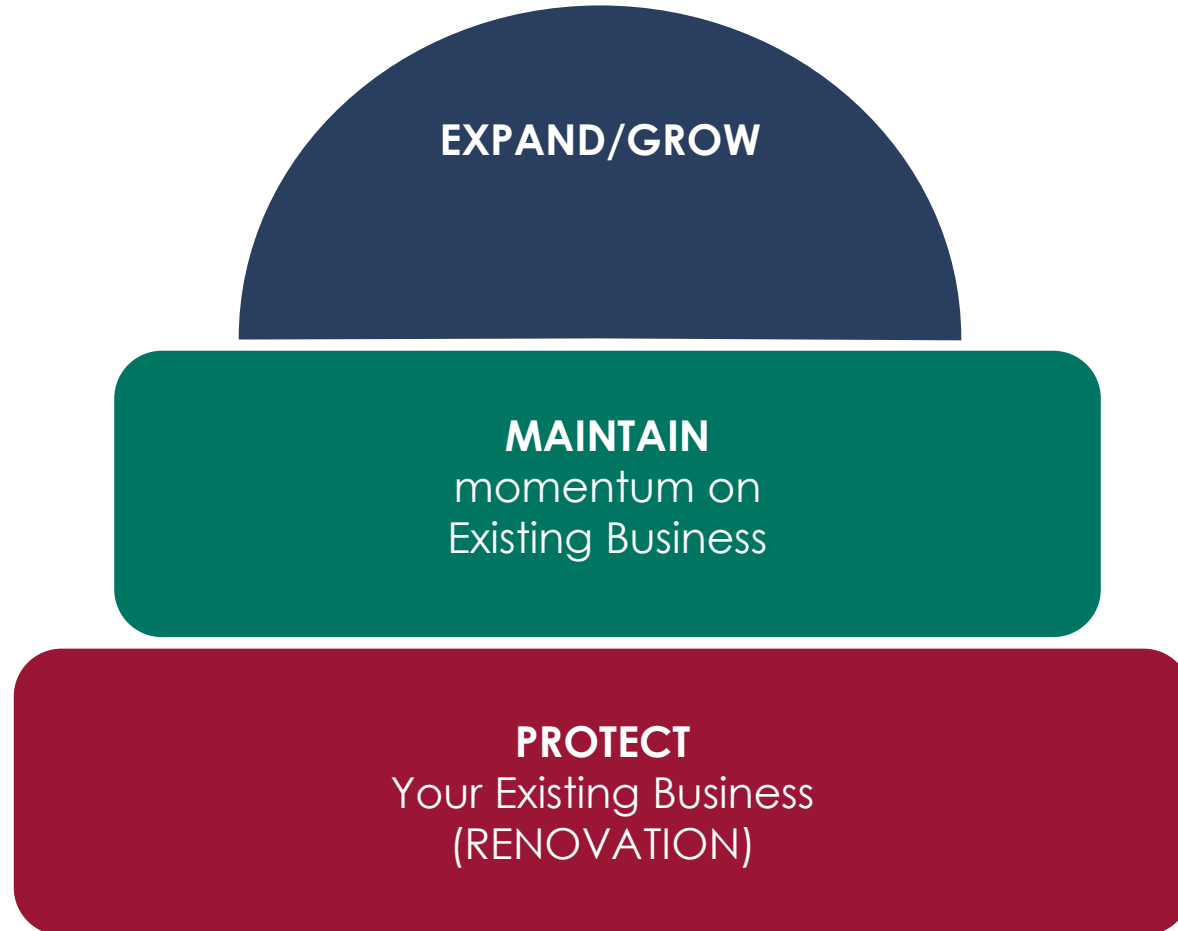
Take-away #2 :
An Innovation Framework without a process won't make it

Stages and Gates – Simple but Hard Work to apply

IDEA

GATE 1 — **STAGE 1** — **GATE 2** — **STAGE 2** — **GATE 3** — **STAGE 3**

€   €€   €€€

SUCCESSFUL PRODUCT

Roles and Responsibilities
Innovation Process Design
Process & Business Metrics

Chart of Authority
Gate Decision Criteria
Gate Operating Process
Gate Deliverables
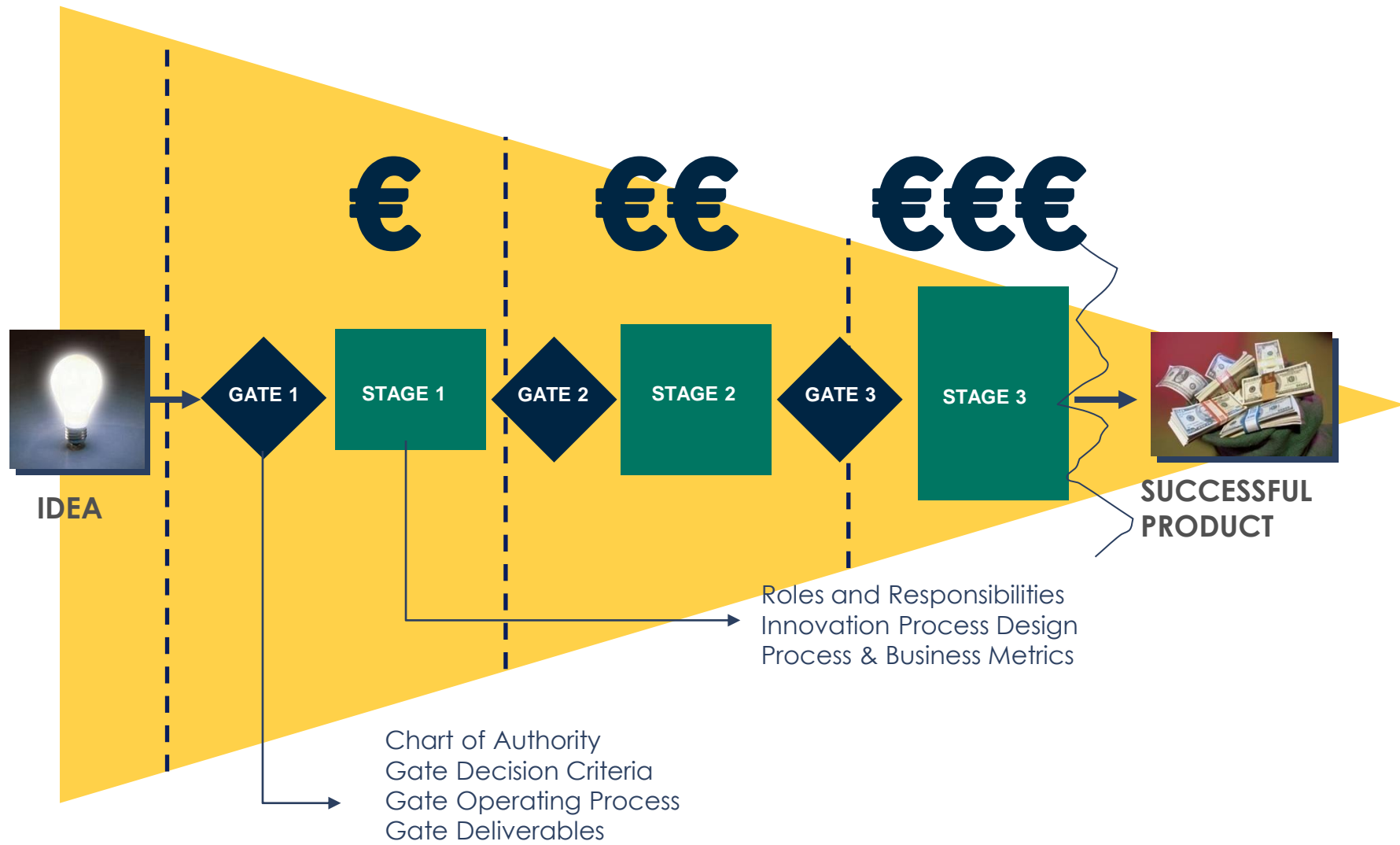
Stage Gate is not a Toll Gate!

Take-away #3 :
Empowerment of Teams & Decision Makers

3+1 Simple roles which everyone should comply with

- Project Manager
- Project Team Members
- Gate Keepers

- **PMO / Process Facilitator**

The goal of a **project team** is NOT to launch the product at any cost.

The goal of the project team is to provide the best analysis possible and make the best recommendation possible for the stage of work currently being performed.

Gatekeepers
- Empower the Project Teams – be available **on request only;**
- Select the best projects based on a combination of facts **and** feeling, be brave and dare to STOP initiatives while applauding the team;
- Be disciplined in meeting preparation and attendance.

PMO / Process Facilitator
- Be a coach to Project Managers;
- Facilitate internal stakeholders;
- Dare to challenge Gate Keepers and Project Managers;
- Plan / Deliver the value for innovation.

Empowerment of Teams | A challenge for middle Management

CEO/GM
GATEKEEPER

PROCESS FACILITATOR

.....

LEGAL

FINANCE
GATEKEEPER

MKT

R&D
GATEKEEPER

SUPPLY CHAIN

.....

.....

.....

.....

.....

TEAM MEMBER

.....

.....

.....

.....

.....

.....

PROJECT MGR

.....

TEAM MEMBER

TEAM MEMBER

.....

TEAM MEMBER

.....

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TEAM MEMBER

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Project Mgr + Team

Gate Keeper

Process Facilitator

Middle Management

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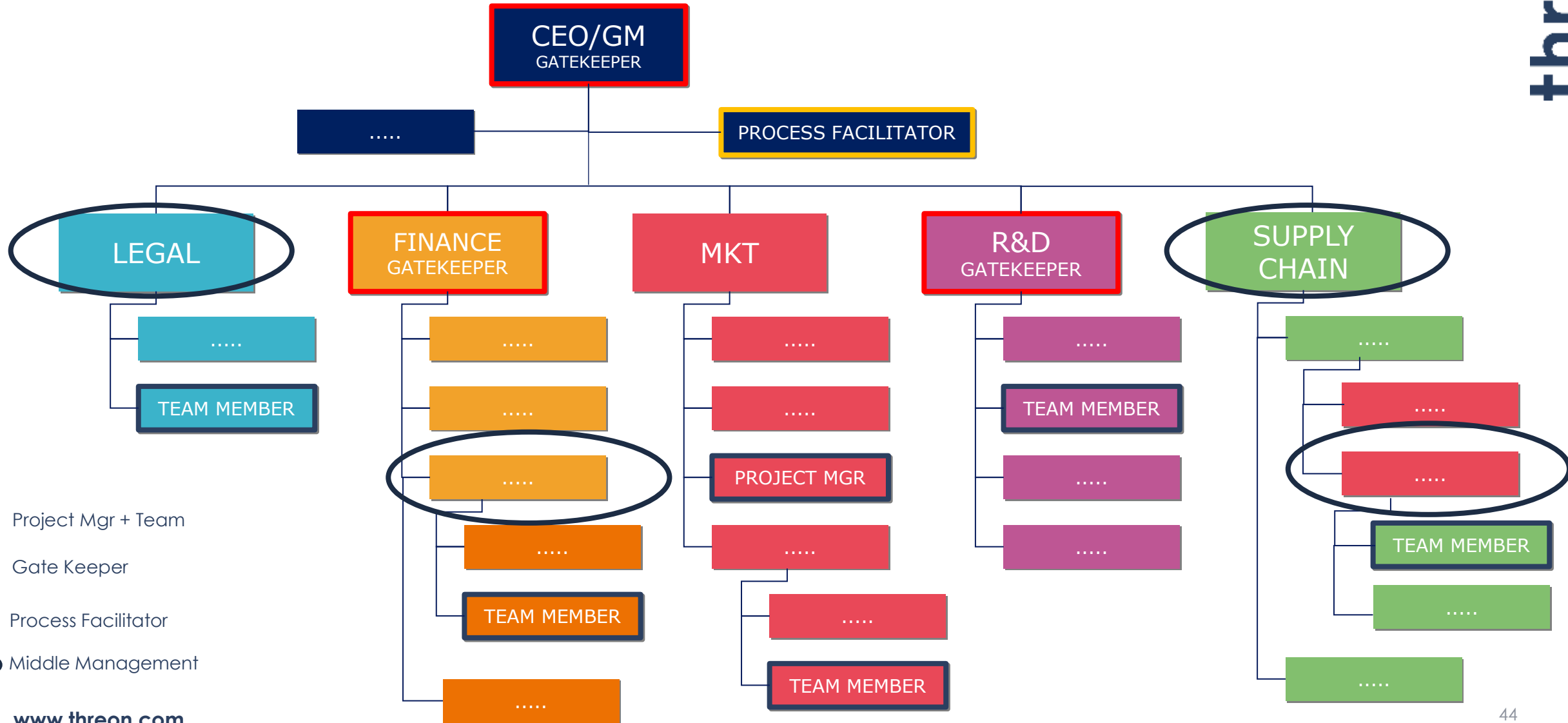
Take-away #4 :
Collaboration is absolutely crucial

Innovation belongs to everyone – Everyone needs to contribute
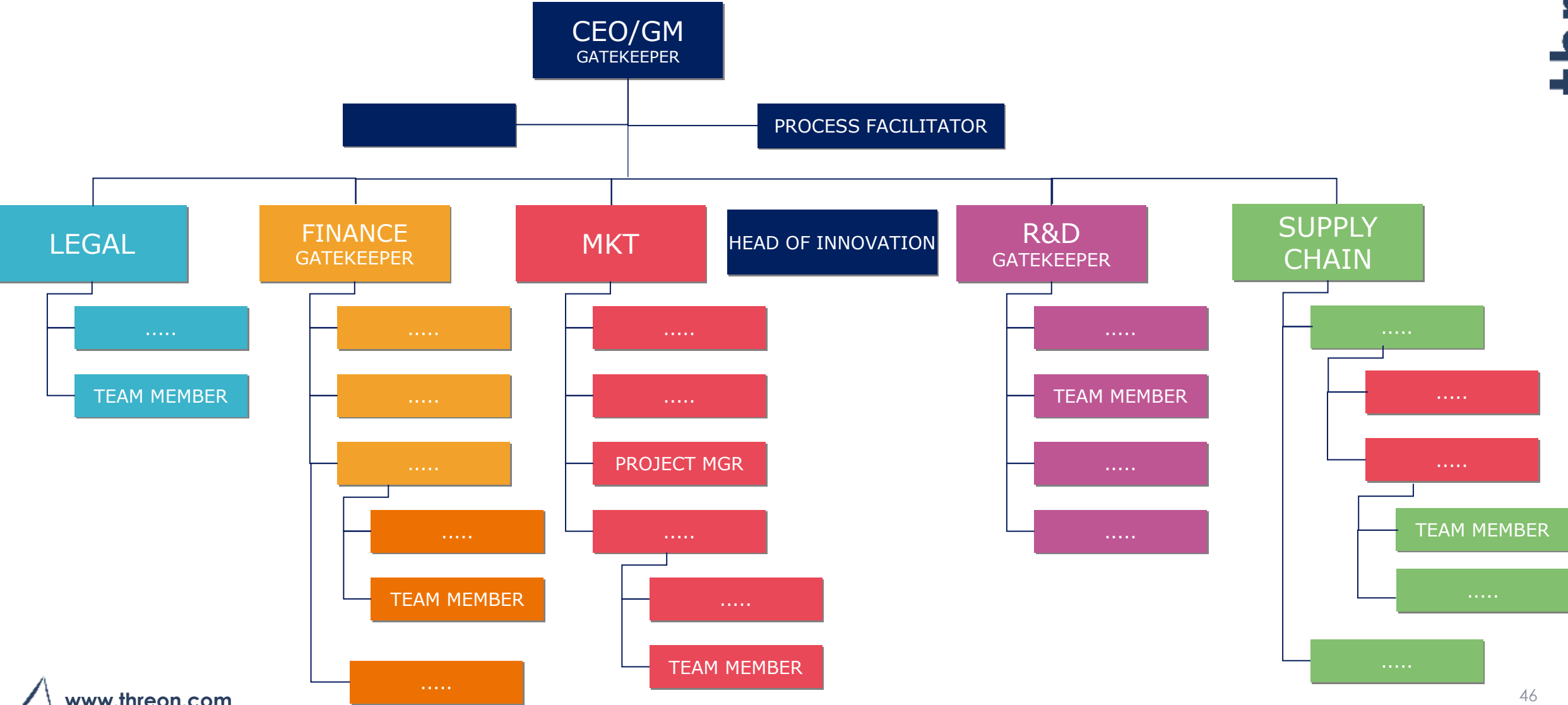
Take-away #5 :
Your Innovation Pipeline feeds the plan…!

Chicken or the Egg…what comes first?

Business Plan

Innovation Pipeline
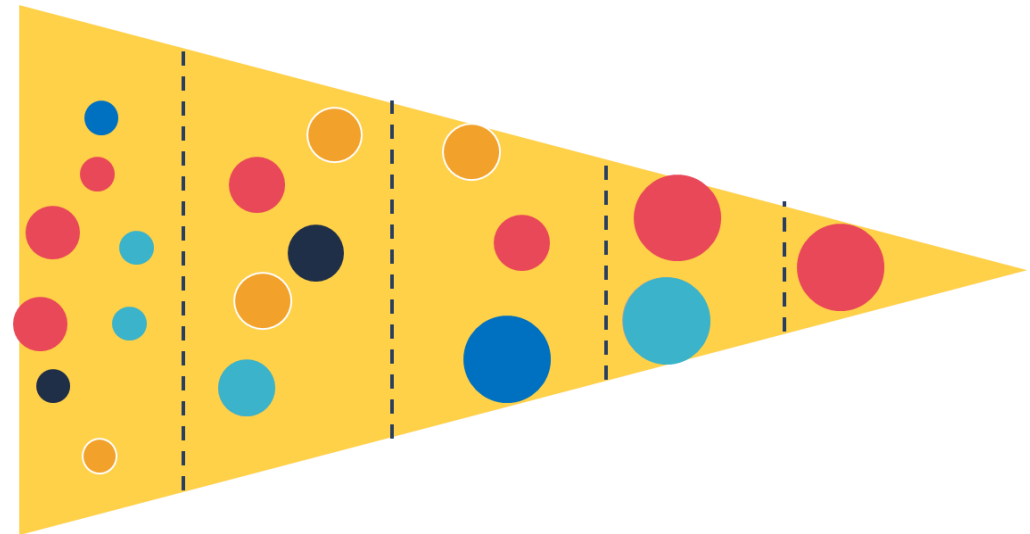
Take-away #5 :
Your Innovation Pipeline feeds the plan…!

Chicken or the Egg…what comes first?

Innovation Pipeline
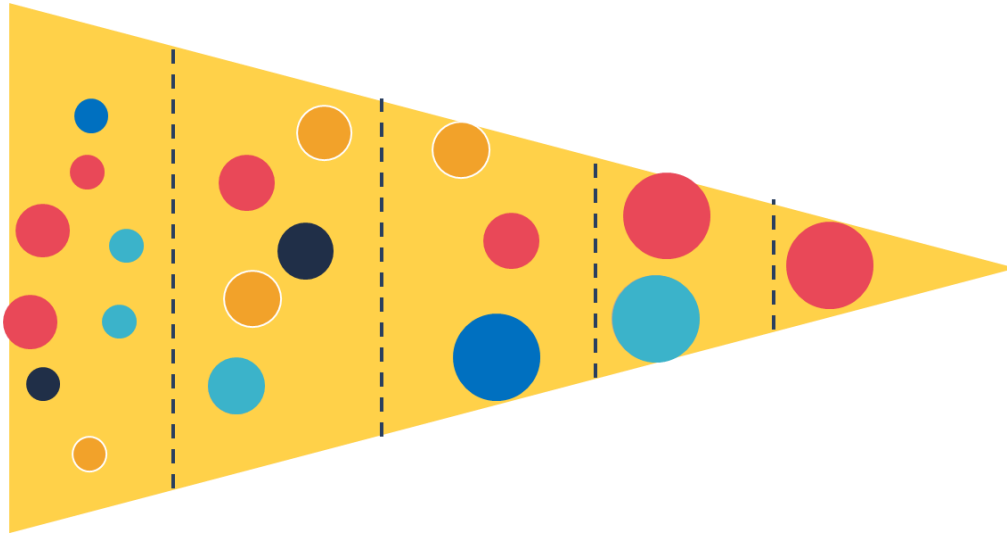
Business Plan

Take-away #6 :
Measure your process

€ — STAGE 1

€€ — STAGE 2

€€€ — STAGE 3

IDEA

GATE 1 GATE 2 GATE 3

(UN)SUCCESSFUL PRODUCT

Roles and Responsibilities
Innovation Process Design
Process & Business Metrics

Chart of Authority
Gate Decision Criteria
Gate Operating Process
Gate Deliverables

- Speed to Market
- Success Rate
  - Market Impact
  - Forecasting accuracy
- Killing Ratio at Gates
- Products in market after X-months
- Re-application rate
- Learnings

Take-away #6 :
Reward/Celebrate Success and Failure

Share the party with everyone

But don't forget … STOPPING projects at a GATE is an absolute SUCCESS !

The 6 key-take-aways

 # 1   An Innovation Framework without a strategy won't make it !

 # 2   An Innovation Framework without a process won't make it !

 # 3   Empowerment of Project Teams & Decision Makers

 # 4   Collaboration is absolutely crucial – Innovation belongs to everyone

 # 5   Your Innovation Pipeline feeds the Plan

 # 6   Measure your Process. Reward/Celebrate success and failure

CONTACT US

TOGETHER, WE GET YOUR STRATEGY DELIVERED

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