

Innovation Stress Points **- Identifying and overcoming the barriers to creating strategic value**

All innovations encounter “stress points” on their way to commercialisation or failure. However, from our research and experience advising large organisations, we identified that some stress points occur more frequently than others.

Some of these can be avoided altogether, provided you have the right controls in place to prevent them from occurring, or the right systems to warn you of their approach. Others can be managed so that their worst effects are mitigated. And some can even add value to your business by educating your organisation.

The report illustrates the issues organisations face with amusing cartoons which bring to life the reality and challenges of innovation.



Key questions raised by the report

- What “stress points” are innovations most likely to encounter en route to commercialisation or failure?
- How should you go about defining your innovation strategy?
- How can internal communications systems aid course-correction in your innovation programme?
- What is the best way to select innovations for development?
- What pitfalls are you likely to encounter as you allocate resources to some ideas and kill others?
- Can you prevent or mitigate the negative effects of stress points encountered during an idea’s commercialisation phase?
- How do you ensure that ideas add value to your business whether they succeed or fail?

Principal findings

Innovation isn't just about grasping at value; it should begin with a clear definition of purpose. Organisations that develop misaligned ideas waste time and resources. An overall innovation strategy can be defined retrospectively – many companies begin to think strategically only after they have encountered many stress points – but it must thereafter be applied boldly and rigorously, without sentimentality for pet projects. Above all, it must be market-led, with robust systems in place to communicate information from the market to senior management, so that the course of the business can be corrected.



At many organisations, the process of selecting which ideas to develop is insufficiently methodical and holistic. Leading innovators, by contrast, think like venture capitalists, investing in a portfolio of projects in the knowledge that while some will fail, the programme will build value overall. In this phase, innovators must be mindful not to bias development with their background – for example, by assuming that proving a technology is the same as proving its compatibility with the procurement model of a potential buyer.

Some of the common pitfalls here are resource-based. They include a lack of scalability in the project; a lack of real-world commercial thinking; and poor economic modelling. Others are more political: for example, an idea that seems great to senior management may be treated with disinterest and reluctant ownership by middle management.

Andrew Gaule, Director of the H-I Network, suggests that “most stress points, occur in the period where promising ideas are developed (or not) into commercial realities. It is during this period that, robust systems of internal communication are necessary to avoid a confusion of accountability”.

Finally, the report identified that with the right innovation strategy in place, value can be extracted from any idea, whether it succeeds or fails. By investing only in those ideas that suit the target markets, you ensure all those investments are opportunities to learn.

This report brings together original research and case studies from leading innovators. It is designed to help organisations deal with acute problems related to specific ideas, identify deficiencies in their innovation programmes and think more strategically going forward.

Notes to editors

H-I Network is an exclusive network for innovators and leaders in operational excellence. Members include E.ON, McLaren, Philips, Procter & Gamble, Shell, Unilever and many other leading global organisations. It is a division of Corven Consulting; a global management consulting with offices in London and Boston.

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