

Profit From Innovation.

Just about every company says it wants innovation. Everyone supports the proposition that innovation is crucial to growth. But beyond all the rhetoric, executives are a skeptical group when it comes to their company's programs - **more than 70% judge that business performance is not well correlated with innovation initiatives.** We have worked globally with 77 firms. As a result, we have a solid understanding of what responsible executives say they need to succeed. What we learned from these 77 firms helps to shed light on the question...



How can your company increase the profits derived from innovation programs?

From BIC's dialogue with Innovation Executives...

80% of companies have active programs - although companies are evenly divided on:
What organization has innovation responsibility?

- "C" Suite > 28% agree
- Marketing > 35% agree
- R&D > 35% agree

90% say that being first to market and creating barriers to entry are the preferred outcomes. However, they admit that the **pressure for short term results** is their reality.

- Results within 3 Years >85% agree
- Results within 1 Year >28% agree

And they are required to focus on **shorter-term goals.**

- Improving Share in Existing Markets >82% agree
- Creating Value Add Products >88% agree
- Cost Reduction >58% agree

More than 80% recognize that external technologies are important to timely success. However, more than **70% of innovation programs are focused inward.**

Although a **codified process makes outcomes more cost-effective...**

only 33% of companies have a codified front-end to their innovation process

Indictment of Innovation Programs.

As indicated in the introduction, **a culture of skepticism** is cited by more than 70% of executives as a factor in low innovation success. Moreover, **less than 28% believe that the growth provided through their innovation efforts exceeds expectations.** More than 60% say that innovation concepts are slow to advance into the market, and more than 70% judge that **business performance is not well correlated with Innovation Initiatives.**

This underlying uncertainty about the true value of innovation programs, especially long term initiatives (3 to 5 years), represents a crucial indictment of how innovation is practiced within many firms. The burden is widespread. Innovation programs can falter at so many points along the way, but the most significant issues are financial. High investment cost and low projected profitability are show stoppers, and too often not addressed until late in the proceedings.

The Successful Few.

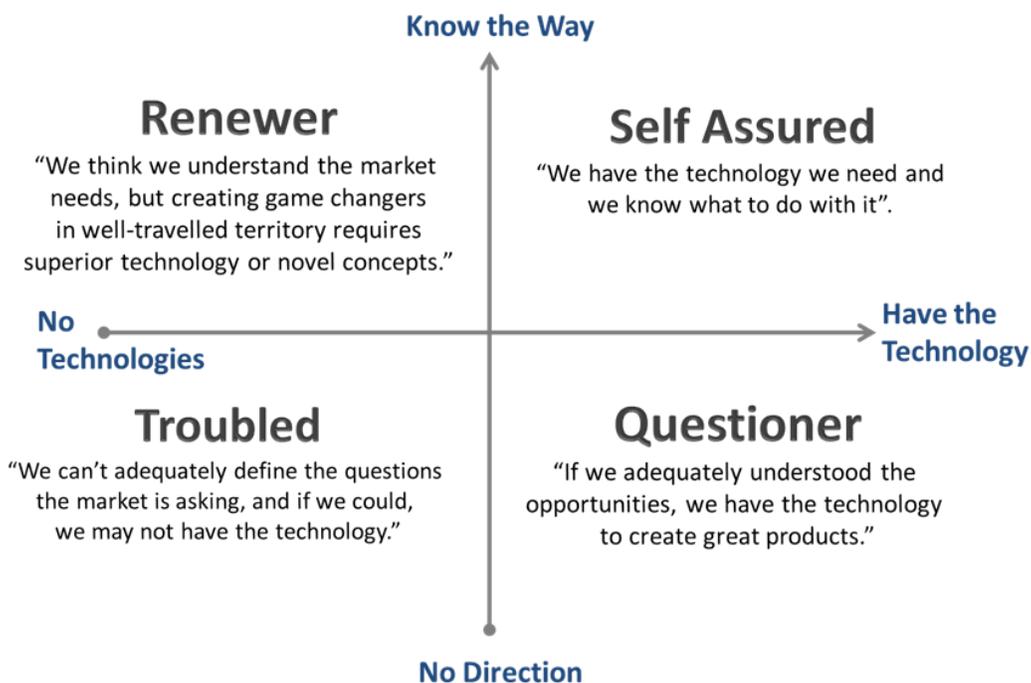
If more than 70% of business executives judge that profits are not well correlated with innovation initiatives. **What are the successful 30% doing differently?** The answers are conceptually straight forward, but challenging in practice. The answers are embedded in process and continuity.

Most companies have a good stage gate process in place for product development, but few have a process for what some call the “fuzzy front end.” We have observed that **a robust front-end process is a key difference between the successful few and all the others.** The financial benefits of a new concept need to be established early...before committing to the cost of product development.

Continuity is also important. **Resource diversion is the key impediment to success by more than 80% of technical executives and 100% of marketing and business executives.** The Innovation Team members have “Day Jobs”, and they are often diverted to focus on short term issues. **The successful few often partner with external innovation firms that provide continuity during the front-end of innovation programs...**under the guidance of the company’s innovation teams.

Which Situation Best Describes Your Firm?

Each of the 77 firms we've worked with place themselves in 1 of 4 innovation quadrants, and most fall into two groups we call **Questioners** and **Renewers**.



If you are a **Questioner** and find yourself trying to gain deeper insights from market data that point the way to game changing product ... If you are a **Renewer** and want to find unique technology or concepts to respond to the needs of the market ... Or, if you are **Troubled** and need both ... The experience of your peers in other companies may provide a helpful perspective.

Making Innovation Work.

No matter what the present situation is for your company ... Self-assured, Troubled, Questioner, or Renewer ... there are proven methodologies that can increase results.

To learn more about BIC’s proven approaches, download one of our four outlines at right.

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