

GOVERNING INNOVATION

The recipe for portfolio growth

VIDEO TRANSCRIPT

“Most established companies have no shortage of ideas. There’s lots of smart people out there. The problem that most face is actually figuring out a good way of taking those sort of raw ideas and converting them into something valuable.”

– **Julian Birkinshaw**, Professor of Strategy & Entrepreneurship and Deputy Dean, London Business School

Most companies struggle to convert innovation investments into growth because they do not direct their innovation efforts strategically and with the right discipline. Recent Accenture research examined how portfolio companies approach innovation, and how they allocate and manage innovation investments. The research found that innovation investments will increase by 80 percent in the next five years across the portfolio of businesses.

But expanding the innovation budget is simply not enough to drive growth. Companies should allocate innovation investments based on their business’ future potential — not solely on today’s needs.

“And this is one of the tensions that I always try to manage is how we, as a club, can invest, can dedicate resources in order to start managing potential disruptions that may come to the sports industry in the next 10 years.”

– **Albert Mundet**, Head of Barcelona Football Club Innovation Hub

Leaders need a structured way to direct their future innovation investments.

To get started, first determine the desired business portfolio composition for the future: Will you focus on the legacy

businesses or double down on growth and emerging businesses?

Then, discern what type of innovation each business needs, and set investment strategy accordingly.

“You’ve got to find a way of deliberately putting some dedicated money into those high-level game changing innovation opportunities, otherwise they will never happen.”

– **Julian Birkinshaw**, Professor of Strategy & Entrepreneurship and Deputy Dean, London Business School

So, why do some companies achieve growth from innovation? One reason is Governance.

Today, only 12 percent of companies govern their innovation investments extensively, and this extra governance helps them thrive. In fact – our research showed that companies that govern innovation extensively double the revenue growth of companies that don’t.

“To us, there’s a very strict governance process at the sharp end, at the last part of identifying what are the solutions, what can we really make work, what works with customers and what can we rollout there.”

– **Paresh Modi**, Group Head of Business Development & Innovation, Vodafone

Our research reveals that increased governance can create the right conditions for innovation to thrive.

Are you ready to govern innovation more?