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VALUEPOINT™

SmartOrg's Community of Practice: Peer-to-Peer Inspiration

SmartOrg knows that if one of our customers has a problem, there's a good chance another of our customers has already solved it. SmartOrg held an inaugural Community of Practice event to let its client base of innovation portfolio managers benefit from each other's experience and draw valuable lessons about how SmartOrg supports their work.

Benchmarking the Innovation Portfolio Process

The participants engaged in a benchmarking exercise to assess how well their respective companies manage different aspects of innovation. They found that for each of the important dimensions of innovation management, at least one of the participating companies rated itself highly. If any of these peers had a problem in a given area of innovation, someone else in the group had probably already solved it.

The participants collectively rated themselves strongest in Governance and Prioritization and in Annual Planning and Budgeting. Of those two dimensions, however, the participants felt that Governance and Prioritization was a bigger win—that is, improvement in this area offered greater benefits to the innovation process. Other dimensions they mentioned as wins were Driving Upside Innovation and Resource Planning.

Note that Governance and Prioritization affects how effectively the organization chooses innovation projects to pursue, and Driving Upside Innovation emphasizes managing uncertainty to transform White Elephants and Bread and Butter projects into Oysters and Pearls (these project types from SmartOrg's innovation screen are explained [here](#)). These factors directly impact the

shape of the portfolio (the distribution of white elephants, bread and butter, oysters and pearls) and therefore its power to drive future revenue growth.

Innovation Dimension	Company				
	A	B	C	D	E
Annual Plan and Budgeting	Strength	Competency	Competency	Competency	Competency
Drive Upside Innovation	Competency	Weakness	Strength	Weakness	Strength
Governance and Prioritization	Competency	Weakness	Strength	Strength	Strength
Long-Range Planning	Weakness	Competency	Competency	Competency	Strength
New Business Development	Weakness	Strength	Strength	Competency	Weakness
Opportunity Assessment	Competency	Weakness	Competency	Competency	Strength
Profit Objectives and Goal Setting	Weakness	Strength	Competency	Strength	Weakness
Regulatory Approval/Risk Management	Competency	Competency	Competency	Weakness	Strength
Resource Planning	Weakness	Weakness	Competency	Strength	Strength
Stage-Gate (Pipeline/Implementation)	Weakness	Weakness	Strength	Competency	Weakness
Strategy Setting	Competency	Strength	Competency	Strength	Weakness
Training/Roles and Geographic Alignment	Competency	Weakness	Competency	Weakness	Strength

Strength
 Competency
 Weakness

Case Study

One participant presented organizational change case study centered on a company mandate to drive new product sales to 30% of total revenue within five years. Their portfolio analysis showed their projects overwhelmingly tended to be incremental and did not have the potential to meet the mandate.

“We no longer have the cage-match meeting where everyone fights for their project and no one is happy with the outcome. Now our discussion focuses what we can and can't fund, and everyone's project is represented fairly.”

— Community of Practice Member

Learn how four companies use SmartOrg processes and software to drive innovation in [this short video](#) ▶



COMMUNITY OF PRACTICE

The inaugural SmartOrg Community of Practice was held in June 2016 to focus on the issues around strategic portfolio management in innovation. In attendance were executives from Dow Agrosciences; Pioneer HyBred; DuPont Protective Solutions; VF Corporation; and Rogers Corporation. Their levels of experience with SmartOrg ranged from a year to nearly a decade.

The two-day invitation-only event was held at SmartOrg's offices in Menlo Park, California. The event was structured to let participants learn best practices from each other and provide mutual support on their journey as portfolio managers.

Topics included:

- Shared experiences in strategic portfolio management
- Working together on common issues
- Peer-to-peer coaching
- Creating a future roadmap for the CoP

All of us in the Community of Practice are on individual portfolio journeys that will span years. To support each other on our journeys, we established principles for the CoP:

Community: the CoP is a network of diverse and mutually supportive executives.

Practice: the CoP helps its members increase our effectiveness in our organizations.

Raise the Bar: CoP members create outcomes that make a difference for us individually and for our companies.

Learning: the CoP supports our ongoing process of acquiring skills and sharing experiences to improve our practice in our daily work.

So they made a major effort to increase their portfolio's power to generate revenues. They killed some White Elephant projects. They created a venture committee at the executive level to oversee Oysters and Pearls. They added an upside exploitation plan to their governance process: the scope of the plan was to exploit fully the growth potential of each platform opportunity, and the plan outlined the steps to drive market penetration, market share and margin. Their effort converted many Bread and Butter and White Elephant projects to Oysters.

They succeeded in raising the effective power of their innovation portfolio, increasing the revenue per innovation project from \$11 million to \$40 million. In turn, that grew the revenue impact of the portfolio from \$350 million to \$900 million with just \$42 million of additional investment.

Discoveries from Peer-To-Peer Coaching

In peer-to-peer coaching sessions, each participant had an opportunity to pose a portfolio management or innovation challenge or question and ask the rest of the group, "what would you do in my place?"

One challenge was to reinforce proper innovation portfolio balance by realigning top executives' scorecards with the timescale, risk and innovation investment in each business. Another challenge was looking beyond adjacent markets and in-house technical innovations and finding actionable Oyster projects in industry trends and

corporate strategic objectives. A third was a new business model innovation project to build on a core technological competency.

Participants took away useful ideas and a new enthusiasm to apply to their challenges. As importantly, they gained access to peers able and willing to give them further advice and support.

Into the Future

Innovation is a form of paying it forward to insure the future of our companies, and innovators have a duty to make a positive difference for that future. The CoP will help sustain us when our journeys become difficult and remind us, as one member puts it, "Don't give up the ship!"

The Community of Practice will be a regular fixture on SmartOrg's calendar going forward. Lessons from future CoP events will benefit all of SmartOrg's customers.

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SmartOrg software and professional services provide executives with decision-making solutions they can depend on when investments are risky and rewards are uncertain. Our decision technology has helped Fortune 500 companies deliver breakthrough value for over 15 years.

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