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# VALUEPOINT™

## Profitable Pivots for Your Portfolio, Part 2

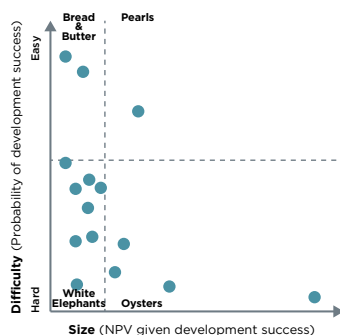
David Matheson, SmartOrg

In last month's ValuePoint, I shared two methods our customers use to drive breakthrough growth from their portfolios. These methods help them to reposition or expand products, make acquisitions, reallocate resources, define higher goals or otherwise make decisions to drive more growth. In this ValuePoint, I share two more ways you can profitably pivot your portfolio.

### Shift Portfolio Mix

A good portfolio is not merely a collection of good projects. For example, a portfolio containing lots of risky projects can actually have lower overall risk than a portfolio of projects that individually have low risk. Lots of low-risk projects in a portfolio can create clutter and reduce your chance of meeting overall goals. Pivot by shifting the portfolio mix, not just individual projects.

The Innovation Screen maps the relative impact of projects against their relative difficulty. The Innovation Screen divides your innovation portfolio into four types of projects: Bread and Butter, White Elephants, Oysters and Pearls.



White Elephants have high difficulty and low impact. Bread and Butter projects are low-difficulty and low-impact and produce reliable, if unexciting, returns. Pearls are those rare home-run projects that make big contributions without a lot of effort. Oysters have the potential to become high-impact Pearls but require a high degree of effort to unlock that potential.

A very interesting insight from the Innovation Screen is that the mix of project types—that is, how many projects fall in each quadrant relative to the total—gives you an estimate of the overall power of your innovation portfolio to drive growth. White Elephant projects drag down the aggregate portfolio power, and Oysters and Pearls boost it.

1. Rigorously place your projects on the Innovation Screen.
2. Invest more in Pearls to accelerate their development.
3. Since there typically are too many Bread & Butter projects, reduce clutter by eliminating some of the low-potential ones.
4. Reformulate White Elephants as Oysters, where possible (there are often big ideas hidden inside of small ones). For those White Elephants where it's not possible, kill them.
5. Invest in more Oysters. Relentlessly kill the ones that fail.

### Smartorg Founders Teach Course in Strategic Decision Making

SmartOrg's David Matheson and Jim Matheson will teach the course *Strategic Decision Making in Organizations*, one of the four courses comprising the DECIDE certificate program. The two-day course will present the skills and process for making strategic decisions within organizations.

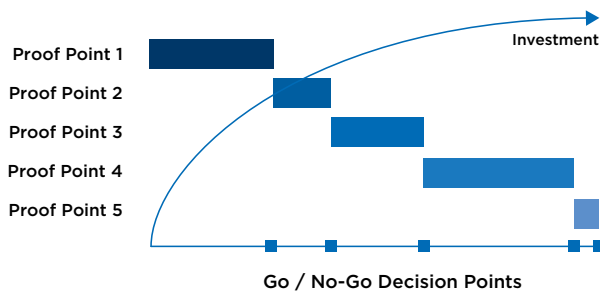
For more information on the program and to register, visit the [DECIDE program webpage](#).

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## Learning Plans

Often teams only work on things in their comfort zone or design projects around showing accomplishments. Move beyond execution plans: use learning plans to humbly pursue really big ideas.

The learning plan lays out the proof points in the sequence in which you will investigate them. The order is important: starting with the hardest proof points helps you avoid going down the path of confirmation when a showstopper is lying in wait for you.



Each proof point leads to a go / no-go decision. If a proof point fails, there is no sense in continuing with the learning plan as originally laid out. That's the time to re-examine the vision and determine whether there's a viable alternative vision to pivot to. If not, it's time to cut your losses and redirect your resources and focus to another opportunity.

1. Define one or more big visions for the project, even those that may be a little unrealistic.
2. Identify proof points: what evidence would you need to see to believe the vision is achievable? Look at the problem outside-in, staying away from your areas of strength.
3. Assess the difficulty (probability of success and required investment) of demonstrating each proof point. Order the proof points from hardest to easiest to demonstrate.

4. Start with the hardest. Construct a learning plan to deliver evidence on the hardest proof points as cheaply and quickly as possible.
5. As the learning plan delivers each proof point, double down. If a learning plan fails to deliver a proof point, abandon it or pivot it to an alternative vision.

## Profitable Pivots at MindXchange

SmartOrg presented "Proof Points: Profitable Pivots for Your Portfolio" at the 2016 Frost & Sullivan MindXchange New Product Innovation and Development conference in La Jolla, California. Assisted by thought leaders Bernard Janse (Buckman International), James Gross (Johnson Controls) and Udi Chatow (recently of HP), we showed the attendees four practical ways to seek out and unlock hidden value in an innovation/new product portfolio:

- Exploit Upside Factors
- Dynamic Portfolio Focus
- Shift Portfolio Mix
- Learning Plans

This month's ValuePoint presents the remaining two methods, Shift Portfolio Mix and Learning Plans.

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SmartOrg's portfolio evaluation platform builds your capability to align innovation and finance to agree on where and how much to invest to drive breakthrough growth. Our web platform administers and conducts the evaluation of uncertain opportunities, aggregates and compares them, and optimizes the portfolio.

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