Innovation processes that drove growth in the past can start to lose their effectiveness as your company grows and expands

An Inexplicable Inability to Innovate

A leading global technology company (TechCo) had grown rapidly over the last 10 years but was starting to lose share in an increasingly fragmented market. Growth was starting to slow and their innovation pipeline became clogged. They were struggling with both the quality and quantity of the new products and services being brought to market. This was particularly puzzling as TechCo employed some of the world's top engineers and scientists.

In response, TechCo sought to rectify their innovation pipeline problems by putting their world-class engineers to work—increasing the number of projects in the innovation pipeline. **However, despite the increase in activity, the innovation pipeline remain clogged.** What could TechCo do to get their company back on its historical growth trajectory?

Innovation process complexity

Like most high-growth companies, TechCo's product development process had evolved over time and entailed coordination across all functional areas. And because TechCo's customers depended on 100% reliability, the process also entailed numerous stage-gates to ensure every product met exacting standards.

However, what had worked in the past for a smaller, more nimble company was evidently breaking down when faced with today's much larger organization. In fact, employee complaints about the process were rising, most notably about slow decision making and lack of clarity around roles and responsibilities.

To keep the process going, increasingly frustrated employees were developing ad-hoc work-arounds or circumventing key tasks.

The end result was a duplicative and un-prioritized system with resources being fully utilized…but achieving very little. How could TechCo improve the pace of the innovation process without sacrificing quality?

Project proliferation

After a thorough process review, TechCo concluded that too many projects were clogging the development process **(see Figure 1).** Too many projects meant that resources were being spread too thin creating bottlenecks.
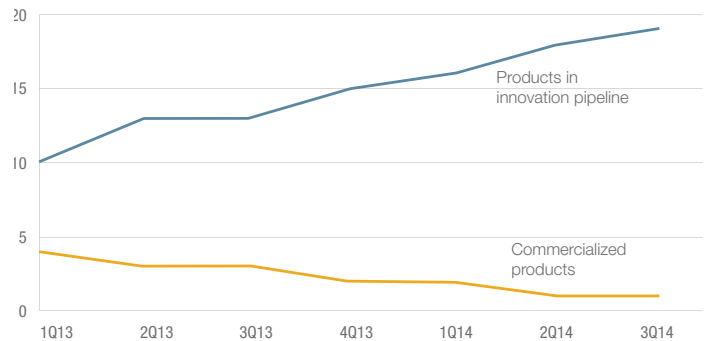

Figure 1: As the number of products in the pipeline increased, the number of commercialized products was declining

Accountability to force prioritization

TechCo determined that the answer lay in concentrating on a smaller number of more valuable projects.

But to do this effectively would require fixing the lack of accountability in sponsoring new innovation projects.

TechCo needed to hold project sponsors accountable for the cost of the development resources they consumed. This would force sponsors to prioritize resource usage and focus on only the most valuable projects. They also instituted a limit on the number of projects entering the system (a 'WIP CAP') to prevent resources from becoming spread thin.

Results:

By enforcing a WIP CAP, a reduction in projects by 46% created the opportunity for TechCo to double the number of products reaching the market. What's more, their average value increased significantly.

Is your company's complexity becoming a barrier to innovation?

Is your product development efficiency decreasing with scale?