



## **Improving Innovation Center Effectiveness**

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**A Metre22 Article**

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In a recent blog post on [metre22.com](http://metre22.com) entitled, “Does Your Innovation Center Create a Barrier to Success?” we presented several reasons why we think Innovation Centers hinder a company’s ability to innovate.

If you have an Innovation Center (or similar organizational structure), what can you do to make it more effective? You can start by changing your perspective on what an innovation center should do. In our view, it should function more like your Finance organization.

One of the key tenets of professional management is that every manager should be a good steward of the shareholder’s resources. Because every executive and manager is responsible for the company’s financial performance, the Finance function ensures that the company is creating value for its shareholders.

In that same way, every executive and manager should be responsible for the company’s innovation performance, and the Innovation Center should ensure that the company is responding quickly and effectively to changes in its business environment.

Similar to the Finance function, improving Innovation Center effectiveness begins with understanding these three key organizational roles: governance, performance tracking / reporting, and technical expertise / training.

### Governance

The Innovation Center should be responsible for:

- **Maintaining Strategic Alignment:** One of the reasons that a company’s innovation performance suffers is that it pursues innovations that do not support the company’s business strategy. Just as the Finance function ensures the company’s business initiatives support achievement of its financial goals, the Innovation Center should ensure the company’s innovation initiatives support achievement of its business goals.
- **Managing the Innovation Portfolio:** The Innovation Center should ensure that the current set of innovation initiatives will achieve the company’s overarching business and financial objectives for innovation. It should also facilitate decision-making regarding the individual initiatives that comprise the portfolio.
- **Managing Innovation Risk:** The Innovation Center should review individual innovation initiatives to ensure that their development approach and financing are structured to minimize financial and operating risk. Where necessary, it should help restructure specific initiatives to improve their risk profiles.

One of the things the Innovation Center should NOT do is enforce a standard set of processes, tools and planning templates, as such things tend to be inadequate to support effectively the broad spectrum of innovation initiatives within a company.

### Performance Tracking / Reporting

The Innovation Center should be a clearinghouse for information on:

- **Performance/Status:** The center should track and report on the developmental status and subsequent performance of the company’s key innovation initiatives.
- **Key Trends:** The center should identify, assess and report on the latest trends affecting the

company's markets and industries.

- **Key Developments:** The center should identify and report on the innovative things other companies are doing, and how those things might be applied in your company.

## **Technical Expertise / Training**

The Innovation Center should:

- **Provide Technical Expertise:** The center should maintain staff with the technical expertise (e.g., user experience design, A/B testing, etc.) to augment and support innovation teams as they move through their various developmental stages.
- **Develop / Enhance Innovation Literacy:** There are many books and educational programs that develop basic financial literacy among executives and managers (e.g., finance for non-financial managers). The Innovation Center should provide programs that help executives and managers improve their innovation literacy, so that they can understand better innovation-related issues, and make better innovation management decisions.

## **Avoiding the Pitfalls**

If your Innovation Center fulfills these key roles in the ways described, it will be transformed from a walled-in estate that monopolizes innovation activities to a service-driven organization that helps every executive and manager make the company more responsive to its business environment.

In so doing, it will also fulfill its original charter: it will improve your company's innovation performance.