

# Innovation Councils

*A governance structure for coordinating and maximizing cross-enterprise innovation*

**H**ow is it possible to maximize the value of disparate innovation efforts that take place concurrently in many parts of a large organization?

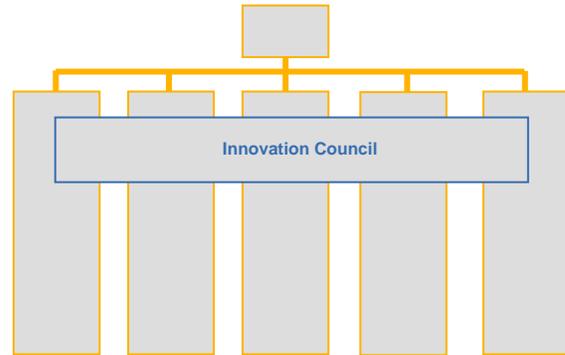
With so much going on in various business units executive management often lacks a macro view of the various levels of activity and resource investment. Sometimes, several different groups may be pursuing similar opportunities yet operating in a vacuum. Equally, various ad hoc activities may be underway without a clear connection to corporate strategy. This lack of oversight costs the organization unnecessary expenditures of time, money and human capital, and creates a lack of synergy that could severely inhibit time-to-market. Well-intentioned, yet disparate activities must be coordinated for the enterprise to maximize value.

## Maximizing value, staying true to strategy

An Innovation Council is a small, cross-functional governance body of senior managers that enables cross-business / function / geography decision-making and coordination. Innovation Councils ensure that innovation-related activities in various parts of the organization are strategically aligned and coordinated, and are supported by appropriate processes and resources. From a leadership standpoint, council members' roles involve removing internal roadblocks so that enterprise innovation can be effectively managed.

Made up of senior manager representatives from various business units and functions, Innovation Councils are responsible for strategic choices as to where, when and how the enterprise will pursue growth. They meet on a scheduled basis (e.g. quarterly) with a specific capability building agenda such as: the development of innovation metrics, the development of coordination processes across units, or the development of appropriate culture and reward mechanisms.

The following figure illustrates how individuals from different business units participate in an Innovation Council.



When creating an Innovation Council, the following must be considered:

- What are the Council's charter, responsibilities, deliverables and metrics?
- How often will the Council meet? What is the output of its discussions and decisions?
- Decision rights: what kinds of decisions will the Council make/not make?
- What are its operating principles?

## Case in point

Hewlett Packard assessed projects that came out of HP Labs and the business units, and applied criteria to make sure each project had sufficient sponsorship, resources and support for its success.

## About InnovationPoint

InnovationPoint is a non-traditional consulting firm that helps its Fortune 1000 clients take a strategic approach to innovation. InnovationPoint blends traditional and unconventional methodologies to identify breakthrough opportunities, develop growth strategies and consumer-inspired new products, and to align organizational strategy and design in a way that supports sustainable innovation. Clients include: PepsiCo, Frito-Lay, Dean Foods, Kimberly-Clark, Cisco, Agilent, Hewlett-Packard, Colgate-Palmolive, Hill's Pet Nutrition, Schwab, Visa, JP Morgan/Chase, Mayo Clinic, Alegant Health, Kaiser, Medtronic, Hoffmann-LaRoche (Switzerland), Philips (Netherlands).