

# Big is back – managing ‘big bets’

By Dan Edwards



**B**ig innovation is back in vogue within US consumer goods firms and new teams are emerging with titles such as ‘long term innovation’, ‘bold moves’ and my personal favourite, ‘big bets’.

This trend reflects the CEO’s demands for bolder product development in pursuit of breakthrough revenues. The ‘growth through breakthrough’ mandate is not new. What is new, is that individuals and small groups are being appointed to the task, where previously whole organisations were invited to innovate but largely ignored the request in deference to the demands of their day job.

In the US, in order to support the CEO’s needs and help the managers of ‘big bets’, we’ve identified some key factors for success:

## **Don’t focus on process**

Simply put, there’s a preference to focus on defining process, rather than attending to harder and more important features of a breakthrough capability. It is tempting to begin with process as it offers an apparent early achievement – it’s not real.

## **Get the right people**

Having the right people in the ‘innovation’ role is the single most important determinant of success. The best people have domain expertise, are risk takers and value both creative and analytic thinking styles. Such people are rare in corporate America. Large organisations have a habit of favouring individuals who deliver operational efficiency, not opportunism.

## **Pave the way**

Radical opportunities rarely fit easily within existing company structures; they may not sit well with existing brands or may employ a different business model. If prospective margins look small, a business will shy away from ‘big bets’ despite the promise of incremental revenues. We sit on ‘innovation councils’ of several US consumer goods firms and always advise these companies to ask themselves ‘what happens after a fantastic concept is defined?’. Aligning the innovation team with its likely ‘deployment’ business unit is a key preparation.

## **Write an innovation charter**

An innovation charter reflects the needs of the corporate strategy for growth and sets the scope for innovation work. A good charter articulates ideas such as time horizons, market themes to address, riskiness, funding, and ambition. It is an important contract that provides innovators with both a starting point and relevant boundaries.

## **Load up your toolbox**

There are tools which explore market needs, and those which find a means of delivering against opportunity. These tools are often unfamiliar to corporate citizens and we have seen teams using ill-suited tools (focus groups being the worst culprit). We’ve learned it is essential to have a broad toolkit and we’ve developed ours in order to allow us to tailor our opportunity discovery work.

Managing ‘big bets’ is a really tough task in today’s efficiency-oriented firms. Too many times we have seen great effort put into defining process with little return. We recommend starting with strong people, organisational cover and discovery tools, to give the newly appointed ‘VP of Innovation’ the best prospects for delivering on the CEO’s call for breakthroughs.

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