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*** New Research on Product Development and Innovation Management ***
- Innovation Environment -

by
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In the July 14, 2008 issue of 2PLM we highlighted recent research on product development and innovation processes, tools and top corporate metrics by Goldense Group, Inc. In this issue we present the second in a series of six articles, which focuses on results in the area of "Innovation Environment." In the next issue we will look at results on "Innovation Processes."

The survey investigated the Innovation Environment in corporations. Individual questions centered on corporate strategies in innovation, the amount of importance given, the amount of training, and the degree of investment in innovation. Replies to GGI's 2008 Product Development Metrics Survey were received from 209 companies across a range of industries including industrial and medical products, aerospace, defense, electronics, chemicals, and pure software companies.

Across the spectrum of corporate strategies, given the buzz innovation has received for the last twenty years, we see that most companies stay to the safe middle as an "Innovator-Extender" or "Balanced" strategy company. Only a very small portion of companies identify themselves as pure "Innovators," 5 percent.

Innovator-Extender companies typically create some type of next generation product, a true innovation, and then make derivatives of the product to extend the lifecycle to achieve maximum incremental sales revenues and profits. As the product lifecycle nears an end, Innovator-Extender companies create the next generation product to replace their prior product line and enter a new lifecycle. The Balanced companies, on the other hand, typically have a large variety of products in process at any point in time ranging from largely innovative to largely mundane. They then typically incrementally enhance all the products to extend their product lifecycles. About 20% of companies are pure "Followers." They wait until others invent products and then they enter the market with a "better value" product.

The importance of innovation is rising. Almost 90 percent of companies believe innovation will be "more" or "much more" important in the next five years than it has been in the past decade.

Considering the importance of innovation, it's striking that the responses for innovation training were so mundane. Only 47 percent responded that the training will increase "more" or "much more," with the majority stating that it's the "same" or "less." This is in stark contrast to the Six Sigma, Lean, Agile, and other initiatives of the past decade when training and skill development were the means to the end.

Planned investment in innovation tools and techniques is more aligned, with 76 percent responding that there will be "more" or "much more" investment. These findings imply management plans to buy its way to innovation versus develop its way.

In summary, the need for innovation will stay as a top priority for a number of years. It seems to the research team at GGI that more emphasis should be given to training and the development of innovative skills. One cannot buy innovation indefinitely.

For more information about GGI's 2008 Product Development Metrics Survey, the research and the available report please go to GGI's website, <http://www.goldensegroupinc.com/>. To purchase reports with text and graphical analysis of the results, please go to http://www.goldensegroupinc.com/cgi/catalog.cgi?display_p355.

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