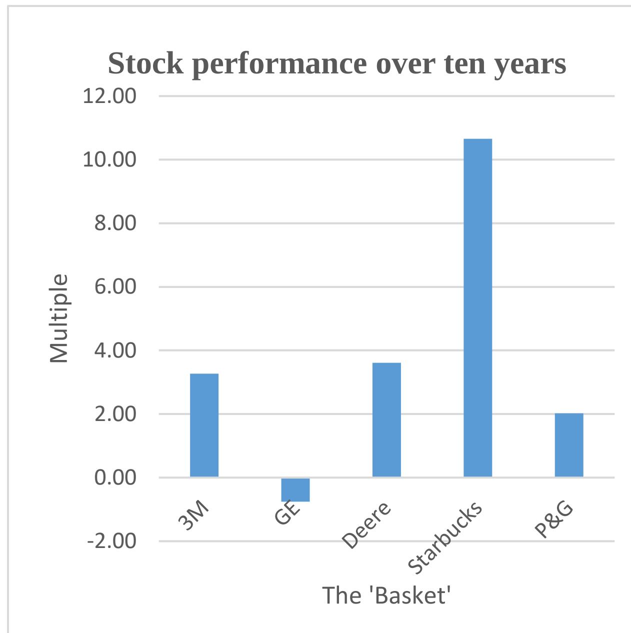
Corporate innovation online
Innovation management best practices

Four of five companies in CIO's 'Basket'[1] performed well. A focus on innovation management proves out financially. GE is, sadly, the exception.

3M is CIO's choice for a company which has the best set of management practices which encourage and support innovation.

Ten years ago, CIO selected five companies which, in the opinion of many, were highly innovative. Deep research was conducted to try to understand how these companies had managed to sustain innovation over their history. All were U.S.-based public companies simply because there was a history that could be probed since these companies were not shy about providing information by way of investor presentations through to publications by executives.

Early research into the management practices of highly innovative companies was conducted by Arthur D Little out of Cambridge. Massachusetts. This early research was subsequently buttressed by further research by CIO into over 30 other companies.



Ten years later these five companies remain as entities i.e. they have not been acquired, but they have shed and added new assets, some successfully, some not.

What are the results and are there some conclusions CIO can reach?

If you had invested $10,000 in each of the five companies - $50,000 in total - ten years ago, the portfolio would now be worth just over $200,000 which is equivalent to a compound interest of 15% excluding dividends.

While the totals are impressive, the mix of success., by company, varies.

Starbucks investor return is impressive and not meaning to take anything away from this success, the business is less complicated to manage. Their decision making has been exemplary. CIO's research paper highlights Starbucks 'controlled innovation'. It worked.

P&G has struggled under recent CEOs one with grand designs to expand the business and the next with a mandate to cut brands and products unrelated to its main purpose. Managing dramatic ups and downs are a distraction for management.

[1] Research is available on the web site. SBUX, GE, Deere, P&G, 3M.

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Deere, under Robert Lane, earlier put in place a sound process for financial management as part of its many innovation initiatives. Allan followed Lane and the company has continued to provide outstanding performance under difficult domestic and international dynamics.

GE's performance[2] has been disappointing to say the least. Immelt sought smallish enterprises within this giant organization but this was a struggle. Perhaps a focus on the centralization such as represented by management meetings at Croton could not overcome internal 'get-on-with- it' management issues. Predix has yet to prove back its investment. Timing and acquisitions that culturally did not fit also contributed to poor financial performance.

The message! Pick a company that has a reputation for innovation and can also demonstrate the management processes that encourage innovation can lead to exceptional financial results. Four out of five; not a bad result for a diversified portfolio.

3M remains CIO's favorite pick since it has the best set of management practices which encourage innovation in larger enterprises.

[2] GE's report focusses on Immelt's attempts to 'pivot', to 'simplicity' and the introduction of its 'Cialis' AI, digital data management and coding.

Researching and articulating innovation management best practices