Despite increased pressure to accelerate the speed of transformational innovation, R&D is being hampered significantly by dynamics such as increased organizational complexity and information overload.

**More Roadblocks, More Pressure**

R&D teams face a number of factors that slow productivity while simultaneously building the pressure to speed up. This dichotomy requires R&D leaders to change the way they manage decision making for innovative projects. In an R&D environment marked by expanded, globally dispersed, and complex stakeholder networks in addition to the democratization of innovation, traditional approaches to engaging stakeholders in decision making no longer suffice.

**“Drags” That Slow Things Down**
- Increased Organizational Complexity
- More Stakeholders Involved
- Increased Volume of Information
- High Pipeline Volume
- Ill-Fitted Execution Processes

**Pressures to Speed Up**
- Increased Pressure from Competitors
- More Empowered Customers with Higher Expectations
- Increased Rate of Information Exchange
- Increased Rate of Innovation

**Transformational Projects:** New-to-market innovation proposals with a high likelihood of achieving significant growth for the company by opening up new opportunity spaces.

“On the one hand, we have the constant threat of the Ubers of the world out there aiming to disrupt our business. On the other hand, our company is more matrixed and bureaucratic than it’s ever been before. I sometimes feel like I’m caught between a rock and a hard place.”

*VP, R&D Manufacturing Company*
Common Approaches

In response to new challenges and pressures, R&D leaders change their approach to:

- Tailor processes (e.g., agile and/or lean methodologies),
- Isolate transformational innovation (e.g., project incubators),
- Make use of external capabilities (e.g., open innovation networks), and
- Enhance skills (e.g., project management training).

All these initiatives are designed to provide project managers with enough tools and support to more quickly and reliably deliver transformational projects to market. But while these investments can certainly help facilitate a transformational project's journey through the pipeline, our research shows they won't substantially impact R&D speed.

Through interviews with dozens of heads of R&D, it is clear the bottlenecks to speed are human, not structural. R&D leaders and cross-functional stakeholders are the source of inefficiency.

Cycle Time, by Driver

Indexed to Industry Median

For example, a company with a 66-month average cycle time would save an average of 13 months by improving stakeholder alignment.\(^c\)

\(n = 53.\)

Source: Gartner’s Speed-to-Market Survey and Pipeline Productivity Survey.

\(^a\) Not significant. For all indexes, Cronbach’s alpha > .70. Cronbach’s alpha measures the average cross-correlation among the listed items.

\(^b\) Decision rights Cronbach’s alpha = 0.76; Stakeholder alignment Cronbach’s alpha = 0.72. Cronbach’s alpha measures the average cross-correlation among the listed items.

\(^c\) Calculation based on the assumption of a one-point scale increase in the eight drivers to stakeholder alignment.
The Better Way Forward

To accelerate speed to market for innovation, R&D leaders must accomplish two things:

- Create and foster stakeholder alignment, and
- Clarify decision rights.

In short, R&D leaders need to evolve from being decision stewards to being decision activists.

### From Decision Steward to Decision Activist

<table>
<thead>
<tr>
<th>Stakeholder Alignment</th>
<th>R&amp;D’s New Reality</th>
<th>R&amp;D’s Mandates</th>
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</thead>
<tbody>
<tr>
<td>R&amp;D relies on personal networks and informal pre-meetings to align stakeholders.</td>
<td>Expanded and more complex stakeholder network</td>
<td>■ Proactively surface, share, and address differences in stakeholder assumptions and perceptions to discourage irrational dissent.</td>
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<td></td>
<td>Global dispersion of stakeholders</td>
<td>■ Highlight the consequences of inaction to create shared urgency.</td>
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<td></td>
<td>Increased pressure to meet customer demands</td>
<td>■ Sequence decisions based on the most critical sources of uncertainty for each project.</td>
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<td></td>
<td>Lower risk appetite</td>
<td>■ Clearly delineate the roles stakeholders are expected to play.</td>
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<td></td>
<td>Higher information volume</td>
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<td></td>
<td>Decentralization of R&amp;D</td>
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<td></td>
<td>Expectation that innovation is everyone’s job</td>
<td></td>
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</tbody>
</table>

Stakeholder Alignment can produce **20% faster** cycle times for R&D organizations.

Clear decision rights for R&D processes can produce **15% faster** cycle times for R&D organizations.
How to Get There

For R&D to play the role of a Decision Activist, leaders must identify differences in stakeholder assumptions and perceptions ahead of time and address them proactively. In addition, highlighting the consequences of inaction for stakeholders can create a shared sense of urgency and prevent unnecessary stalls.

R&D must also prioritize project decisions based on the most important sources of uncertainty to remove ambiguity and bottlenecks. It is crucial that the R&D organization is active in clearly and explicitly defining the role each stakeholder is expected to play in the process so the project’s momentum is not compromised due to business partner confusion or inactivity.

Contact us to learn how we help leaders optimize the performance of their team and business using the best practices of leading companies around the world.