R&D Portfolio Management: 12 Benchmarks

Compare your organization to peers in the areas of portfolio allocation, project assessment, portfolio review sessions, portfolio management software and more.
## Benchmarks in This Report

1. **Satisfaction with the portfolio management process**
2. **Portfolio allocation across project types**
3. **Stakeholders responsible for setting portfolio strategy**
4. **Stakeholders participating in portfolio reviews**
5. **Portfolio management decision approaches**
6. **Project assessment criteria**
7. **Frequency and type of portfolio review sessions**
8. **Number of projects reviewed in portfolio review sessions**
9. **Portfolio review agendas**
10. **Off-cycle decision making**
11. **Portfolio management software**
12. **Upgrades needed to portfolio management practices**
Benchmark #1: Satisfaction With the Portfolio Management Process

Q: “Please Rate Your Overall Satisfaction With Your Organization’s R&D Portfolio Management Process.”

Percentage of Responses

<table>
<thead>
<tr>
<th>Rating</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Unsatisfied</td>
<td>5.4%</td>
</tr>
<tr>
<td>Unsatisfied</td>
<td>12.0%</td>
</tr>
<tr>
<td>Somewhat Unsatisfied</td>
<td>22.8%</td>
</tr>
<tr>
<td>Neither Satisfied nor Unsatified</td>
<td>18.5%</td>
</tr>
<tr>
<td>Somewhat Satisfied</td>
<td>25.0%</td>
</tr>
<tr>
<td>Satisfied</td>
<td>16.3%</td>
</tr>
<tr>
<td>Very Satisfied</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

n = 92

Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey
Benchmark #2: Portfolio Allocation Across Project Types

Q: “What Proportion of Your R&D Portfolio Is Allocated to the Following Project Types?”

Percentage of Portfolio Allocated to Each Project Type

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Current Allocation</th>
<th>Desired Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational</td>
<td>12.7%</td>
<td>20.6%</td>
</tr>
<tr>
<td>Next Generation</td>
<td>35.1%</td>
<td>40.7%</td>
</tr>
<tr>
<td>Incremental</td>
<td>52.2%</td>
<td>38.7%</td>
</tr>
</tbody>
</table>

Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey
Benchmark #3: Stakeholders Responsible for Setting Portfolio Strategy

Q: “Which Individuals/Groups Are Responsible for Setting Your Organization’s R&D Portfolio Strategy? (Select All That Apply)”

Percentage of Respondents with Each Group Setting Portfolio Strategy

- **R&D Executives**: 85.1%
- **Marketing Executives**: 52.1%
- **Business Unit Managers**: 52.1%
- **CEO**: 28.7%
- **R&D Staff**: 27.7%
- **Finance (Executives or Staff)**: 19.1%
- **Manufacturing (Executives or Staff)**: 14.9%
- **Marketing Staff**: 10.6%
- **Sales (Executives or Staff)**: 8.5%
- **Other**: 7.4%

3.2% of respondents reported their organization does not have a defined R&D portfolio strategy at all.

n = 94

Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey
Benchmark #4: Stakeholders Participating in Portfolio Reviews

Q: “Which Individuals/Groups Typically Participate in Your Organization’s R&D Portfolio Review Sessions? (Select All That Apply)”

Percentage of Respondents with Each Group Participating in Portfolio Reviews

- R&D Executives: 93.6%
- Business Unit Managers: 67.0%
- Marketing Executives: 64.9%
- R&D Staff: 47.9%
- Finance (Executives or Staff): 41.5%
- CEO: 36.2%
- Manufacturing (Executives or Staff): 35.1%
- Sales (Executives or Staff): 33.0%
- Marketing Staff: 27.7%
- Other: 12.8%

n = 94

Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey
Benchmark #5: Portfolio Management Decision Approaches

Q: “How Are R&D Portfolio Management Decisions Made at Your Organization?”

Percentage of Responses

- 17.6% Individuals’ Ranking of Portfolio Components Are Aggregated to Make the Decision
- 40.7% An Individual(s) or a Function Has Ultimate Decision Authority
- 22% We Must Reach Consensus
- 5.5% Individuals’ Opinion Are Weighted Based on How the Decision Affects Them
- 6.6% Other
- 7.7% We Must Have a Majority Agreement

n = 91
Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey
Benchmark #6: Project Assessment Criteria

Q: “What Criteria Does Your Organization Use to Assess Projects in the R&D Portfolio? (Select All That Apply)”

Percentage of Respondents Using Each Criterion

- Financial Return Potential: 89.4%
- Strategic Fit: 83.0%
- Technical Feasibility: 72.3%
- Market Fit: 72.3%
- Competitive Differentiation: 71.3%
- Internal Capacity/Capabilities Fit: 67.0%
- Required Costs: 61.7%
- Probability of Success: 60.6%
- Time to Market: 55.3%
- Intellectual Property: 45.7%
- Innovativeness/Novelty of Solution: 42.6%
- Other: 4.3%

n = 94

Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey
Benchmark #7: Frequency and Type of Portfolio Review Sessions

Q: “How Often Does Your Organization Conduct a Company-Wide or Business Unit-Level Review of the R&D Portfolio? (Write-In)”

n=90 (Company-Wide); n=93 (Business Unit)

Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey

a Range = every 2 to 36 months.
b Range = every 1 to 12 months.
Benchmark #8: Number of Projects Reviewed in Portfolio Review Sessions

Q: “How Many Ongoing or Proposed Projects Does Your Organization Typically Review During an R&D Portfolio Review Session? (Write-In)”

1 project   18 ongoing or proposed projects   100+ projects

n=83
Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey

*a Range = 1 to 100+ projects reviewed in a single meeting.*
Benchmark #9: Portfolio Review Agendas

Q: “Does Your Organization Review Multiple R&D Project Types (Incremental, Next Generation, and Transformational Projects) During the Same Portfolio Review Session?”

Percentage of Respondents

- **7.4%** Yes, We Review a Mix of Project Types During a Single Portfolio Review Session
- **3.2%** No, We Conduct Separate Portfolio Review Sessions for Different Project Types
- **89.4%** Other

n = 94

Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey
Benchmark #10: Off-Cycle Decision Making

Q: “How Does Your Organization Make Urgent, Off-Cycle R&D Portfolio Management Decisions?”

**Percentage of Respondents**

- **66.0%** We Assemble Key Stakeholders as Needed
- **17.0%** We Have Scheduled Off-Cycle Reviews That Only Evaluate New Proposals Needing Immediate Attention
- **8.5%** We Delegate Decision Making to an Individual or Function
- **6.4%** Other
- **2.1%** We Wait for the Next Regularly-Scheduled Portfolio Review Session

**n = 94**

*Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey*
Benchmark #11: Portfolio Management Software

Q: “What Software Does Your Organization Use to Manage Projects in the R&D Portfolio? (Select All That Apply)”

Percentage of Respondents Using Each Software

- CA Technologies: 1.1%
- Clarizen: 0.0%
- Microsoft: 35.9%
- Planisware: 5.4%
- Planview: 10.9%
- Sopheon: 6.5%
- Workfront: 1.1%
- Other: 26.1%
- We Do Not Use Portfolio Management Software: 30.4%

Respondents who selected “other” commonly stated their organization uses a custom, internally-created software solution.

n = 92

Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey
Benchmark #12: Upgrading Portfolio Management Practices

Q: “What Aspect of Your Organization’s R&D Portfolio Management Process Would You Most Like to Change? (Write-In)"

Most Common Responses

- Greater Process Discipline
- Objective Project Valuation and Selection
- Portfolio Balance and Strategic Alignment

Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey
Appendix: Benchmarking Participant Information

Percentage of respondents by industry

R&D portfolio allocation by industry
Participant Industry

Percentage of Responses

Gartner R&D recently surveyed 94 participants from a variety of industries to better understand R&D portfolio management practices.

- 25.5% Healthcare, Medical Devices and Pharmaceuticals
- 19.1% High Tech
- 12.8% Industrial Manufacturing
- 16.0% Chemicals and Materials
- 9.6% Consumer Goods
- 7.4% Food and Beverages
- 4.3% Energy
- 5.3% Other
- 2.5% Other

n = 94
Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey
## R&D Portfolio Allocation by Industry

Average Percentage of Portfolio Allocated to Each Project Type

<table>
<thead>
<tr>
<th>Industry</th>
<th>Transformational Projects</th>
<th>Next-Generation Projects</th>
<th>Incremental Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chemicals and Materials</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Allocation</td>
<td>36.5%</td>
<td>20.2%</td>
<td>53.7%</td>
</tr>
<tr>
<td>Desired Allocation</td>
<td>9.8%</td>
<td>40.2%</td>
<td>39.7%</td>
</tr>
<tr>
<td><strong>Consumer Goods</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Allocation</td>
<td>13%</td>
<td>30%</td>
<td>57%</td>
</tr>
<tr>
<td>Desired Allocation</td>
<td>15%</td>
<td>34%</td>
<td>41%</td>
</tr>
<tr>
<td><strong>Healthcare, Medical Devices and</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Allocation</td>
<td>15.5%</td>
<td>41.2%</td>
<td>43.3%</td>
</tr>
<tr>
<td>Desired Allocation</td>
<td>21.9%</td>
<td>46.7%</td>
<td>31.4%</td>
</tr>
</tbody>
</table>

**Source:** 2019 Gartner R&D Portfolio Management Benchmarking Survey

**Note:** Percentages may not total 100% due to rounding.

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R&D Portfolio Allocation by Industry (contd.)

Average Percentage of Portfolio Allocated to Each Project Type

<table>
<thead>
<tr>
<th>Industry</th>
<th>Transformational Projects</th>
<th>Next Generation Projects</th>
<th>Incremental Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Tech</td>
<td>Current Allocation (n=17)</td>
<td>Desired Allocation (n=16)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>53.9%</td>
<td>40.3%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>33.6%</td>
<td>41.1%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>12.5%</td>
<td>18.6%</td>
<td></td>
</tr>
<tr>
<td>Industrial</td>
<td>Current Allocation (n=12)</td>
<td>Desired Allocation (n=11)</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>53.2%</td>
<td>43.2%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>36.5%</td>
<td>39.5%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10.3%</td>
<td>17.3%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Current Allocation (n=12)</td>
<td>Desired Allocation (n=12)</td>
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<tr>
<td></td>
<td>59.1%</td>
<td>40.8%</td>
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<td></td>
<td>27.4%</td>
<td>37.5%</td>
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</tr>
<tr>
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<td>13.5%</td>
<td>21.7%</td>
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</tr>
</tbody>
</table>

Source: 2019 Gartner R&D Portfolio Management Benchmarking Survey
Note: Percentages may not total 100% due to rounding.
Contact us to learn more

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