

A three-page excerpt from our 19-page Best Practice Guidebook:

Innovation Portfolio Management: Balancing Value and Risk



Best Practice Guidebook



Innovation Portfolio Management: Balancing Value and Risk

Beta Inc.*

INDUSTRY

Information and Communication Technology

REVENUE (2011)

\$3–5 billion USD

Applicability to Executive Functions



Challenge

Beta seeks to generate better returns from its product portfolio (both existing products and those still in development). However, the company struggles to evaluate and compare the value and risk of all projects, which hampers funding and decision-making.



Solution

Beta implements a six-step portfolio management process to focus on the most valuable opportunities.



Solution Components



Beta's Key Lessons Learned

- There is no perfect portfolio management process. Instead focus on agility and the business impact of your portfolio. Then iterate at each portfolio cycle, always improving and increasing project and portfolio value.
- Successfully combining portfolio and project management requires the right balance of people, process, and systems. Over- or under-resourcing any of these areas may undermine the success of the other two. Too much attention to systems can lead to excessive documentation, and a disproportionate focus on processes can result in automating obsolete approaches. Finally, too much attention on people can lead to an ad hoc system and slow down the process.

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HEADQUARTERS United States
 GEOGRAPHIC FOOTPRINT Global
 OWNERSHIP Public
 EMPLOYEES (2011) 10,000–15,000



Business Results

- 100% increase in products successfully launched
- 30% increase in the portfolio’s return on investment (ROI)



Resources Required

- Process owner and small process team—portfolio management and quality assurance
- Portfolio Management Software—portfolio evaluation and tracking



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Beta's portfolio management process evaluates projects individually and as part of the innovation portfolio

Innovation Portfolio Management Process and System

Process Owner

COMPOSITION
Senior product development manager and a staff of two experienced engineers

ROLE
Facilitates and maintains the portfolio management process and system

Executive Team

COMPOSITION
CEO and senior management in R&D, Marketing, Manufacturing, and Finance

ROLE
Sets the company's innovation strategy and manages the innovation portfolio

Project Teams

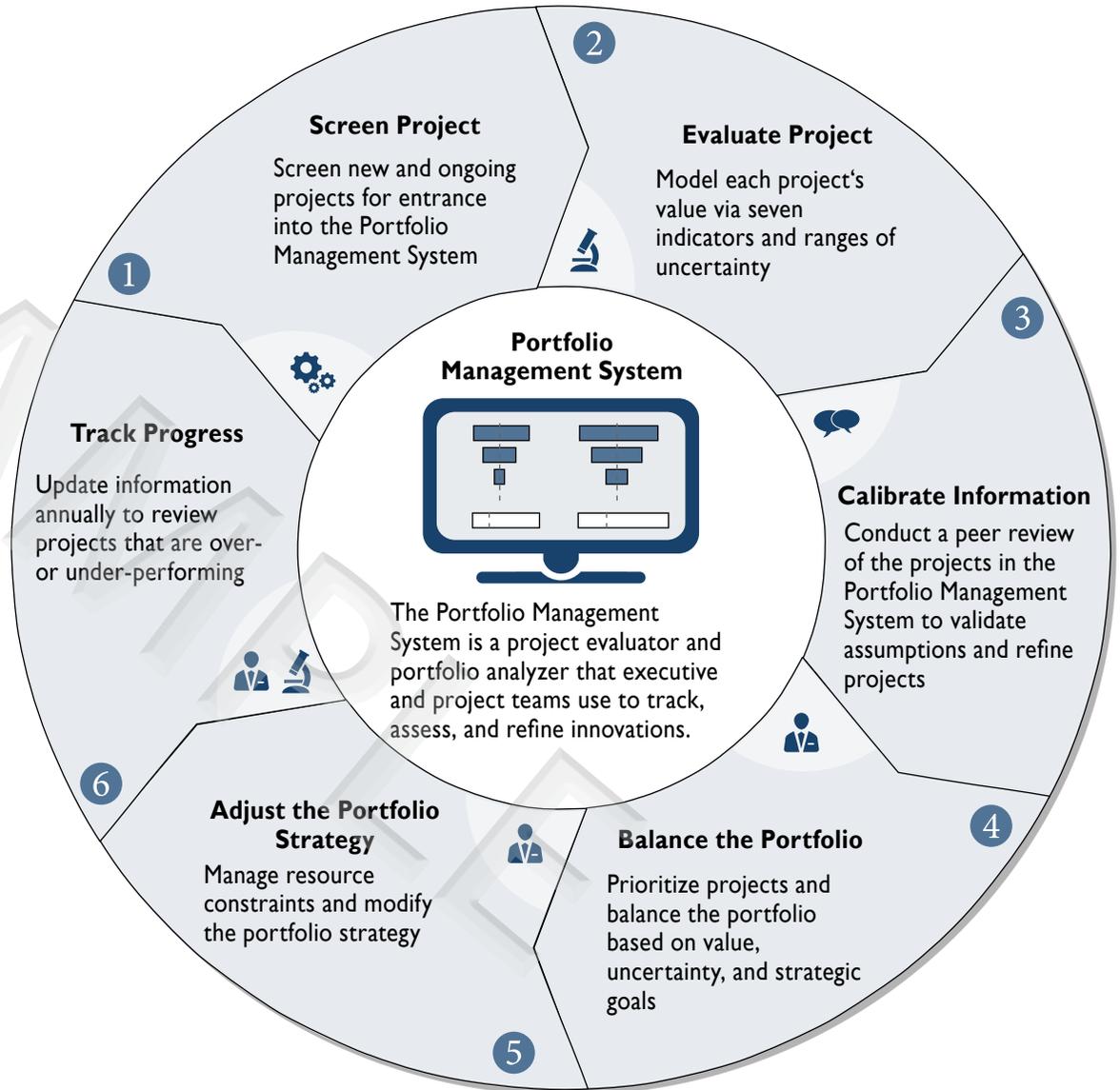
COMPOSITION
Representatives from R&D, Product Launch, Marketing, Sales, and Finance; each team is led by a Project Leader who reports directly to the Executive Team

ROLE
Develops the project and tracks its metrics in the Portfolio Management System

Calibration Committee

COMPOSITION
Project Leaders; select technical, market or topical experts; and the Executive Team

ROLE
Conducts a peer review of all the projects in the Portfolio Management System before portfolio prioritization and funding decisions are made



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