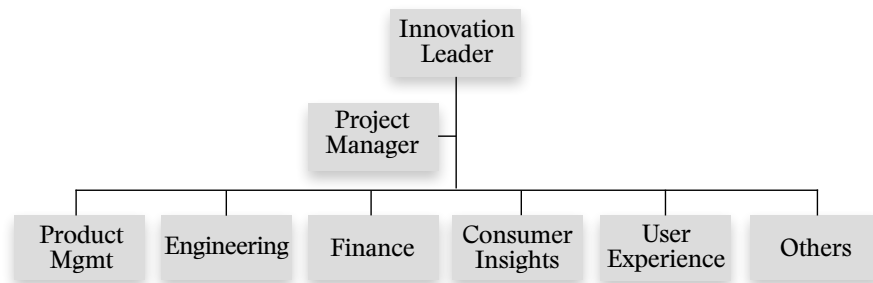


Two Organizational Choices for Innovation: Separate or Integrated?

The composition of an innovation team, where it sits in the organization, and who it reports to is just as important to driving successful innovations as the innovation strategy itself. Since every company is different, there's no single "right" setup. But we created these diagrams to help you think through and design a structure that works for you.

SEPARATE

Innovation team is carved out as a self-contained team that is separate from the day-to-day operations of the company.



BENEFITS

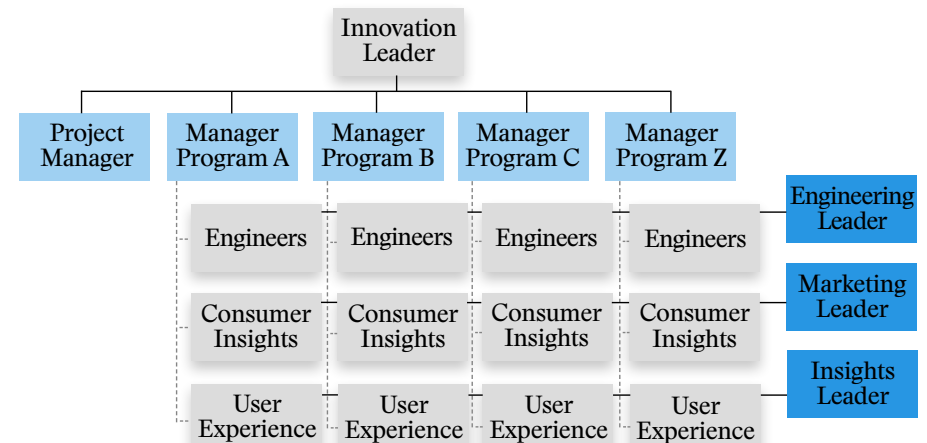
- Minimizes disruption to core products/business
- Allows for quicker product development process that can be different from the traditional core product development process
- Creates environment less constrained by traditional biases
- Ensures consistent staffing/funding by eliminating the need to choose between current product support and innovation support

DRAWBACKS

- More difficult transfer to commercialization, as the rest of institution can feel removed from innovation and has no ownership of the projects
- May miss taking advantage of some key institutional knowledge (of customers, suppliers, distributors) by separating from organization
- May create animosity by setting up an "innovators" vs. "core" dynamic

INTEGRATED

Innovation team is integrated into core business and relies on shared services.



BENEFITS

- Lower overhead; resources flow to projects as needed (staffing on demand)
- Innovation still in control of product and business strategy
- Leverages institutional knowledge from other departments
- Creates buy-in across organization
- Smoother transition to commercialization

DRAWBACKS

- Hard to maintain resources (\$, people) as priorities in company change
- Innovation pace can be slowed by existing stage-gate processes

To Whom Should Innovation Report? Pros & Cons

