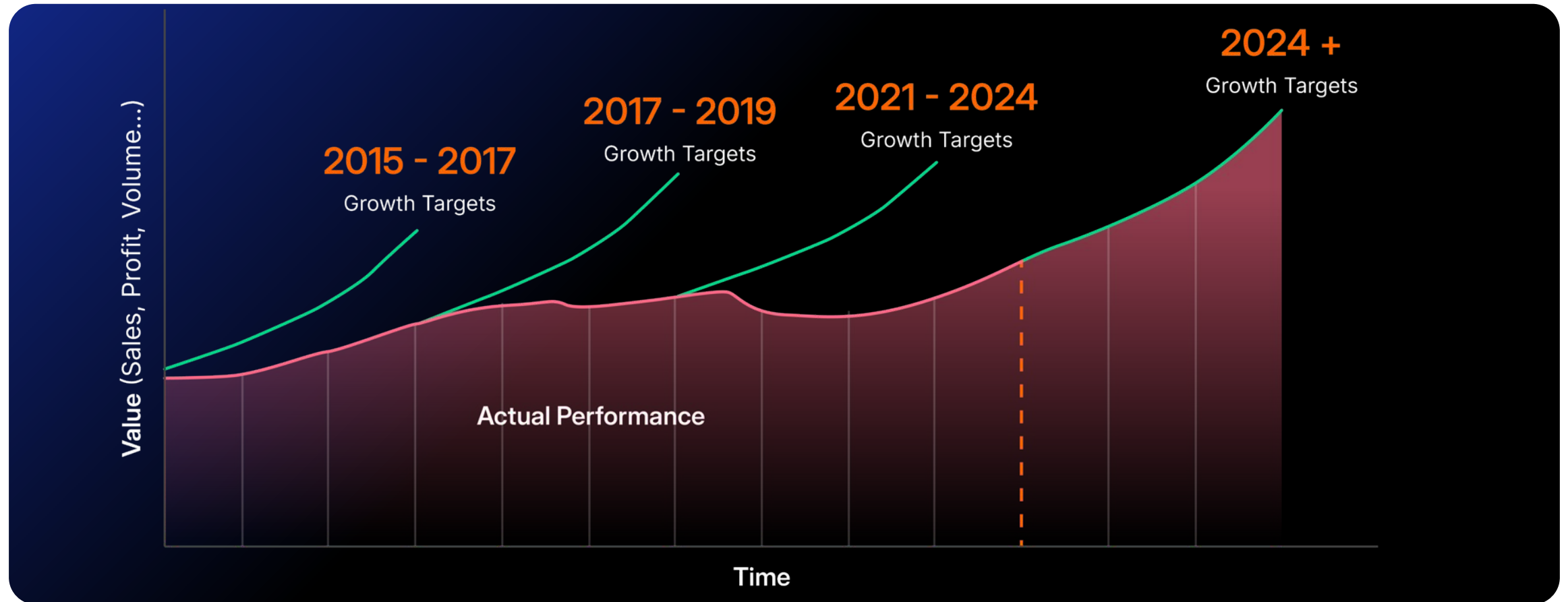


Growth Innovation

An innovation management philosophy that **sets growth as the single most important innovation outcome** and manages every step of the innovation process accordingly.

Senior Execs, "Enough is enough!"

Strategic growth plans consistently fall short



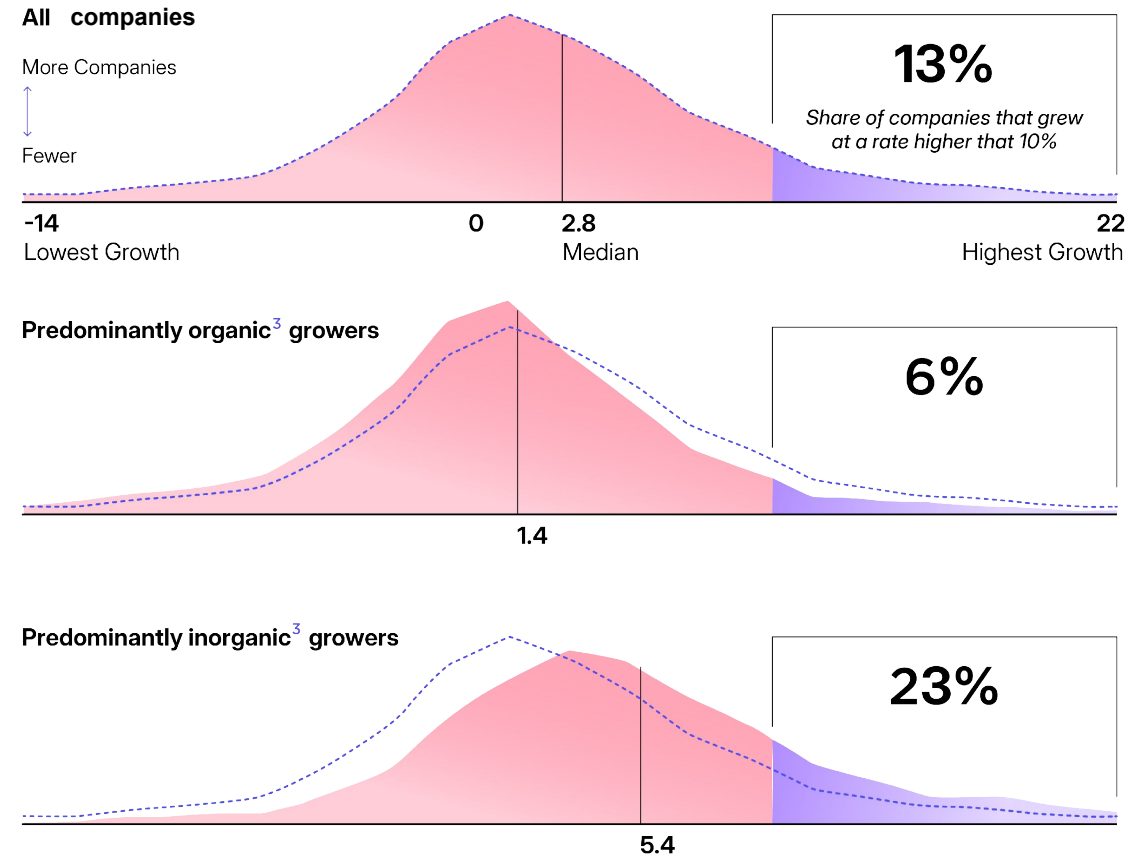
Innovation to the rescue? Really?

Median company with
primarily organic growth:
1.4% CAGR

Median company with
primarily inorganic growth:
5.4% CAGR

Source: McKinsey & Company, [The ten rules of growth](#), August 2022

Companies by revenue growth and growth approach, 2009-19, CAGR¹ %



¹ Nominal growth in dollars

² Largest 5,000 publicly listed companies by revenue in 2009 with revenue and goodwill data from 2009 to 2019; 3,931 companies charted.

³ Companies were classified as inorganic or organic growers, based on their M&A deal data, with organic defined as <1% of market capitalization acquired from 2010 to 2019. Companies with missing deal data were classified based on their net positive change in goodwill relative to starting invested capital (<15% = organic). Of the companies in the analysis, 59% were classified as organic growers, 41% as inorganic growers.

Source: Corporate Performance Analytics by McKinsey; regulatory filings; S&P Global; Strategy Analytics by McKinsey

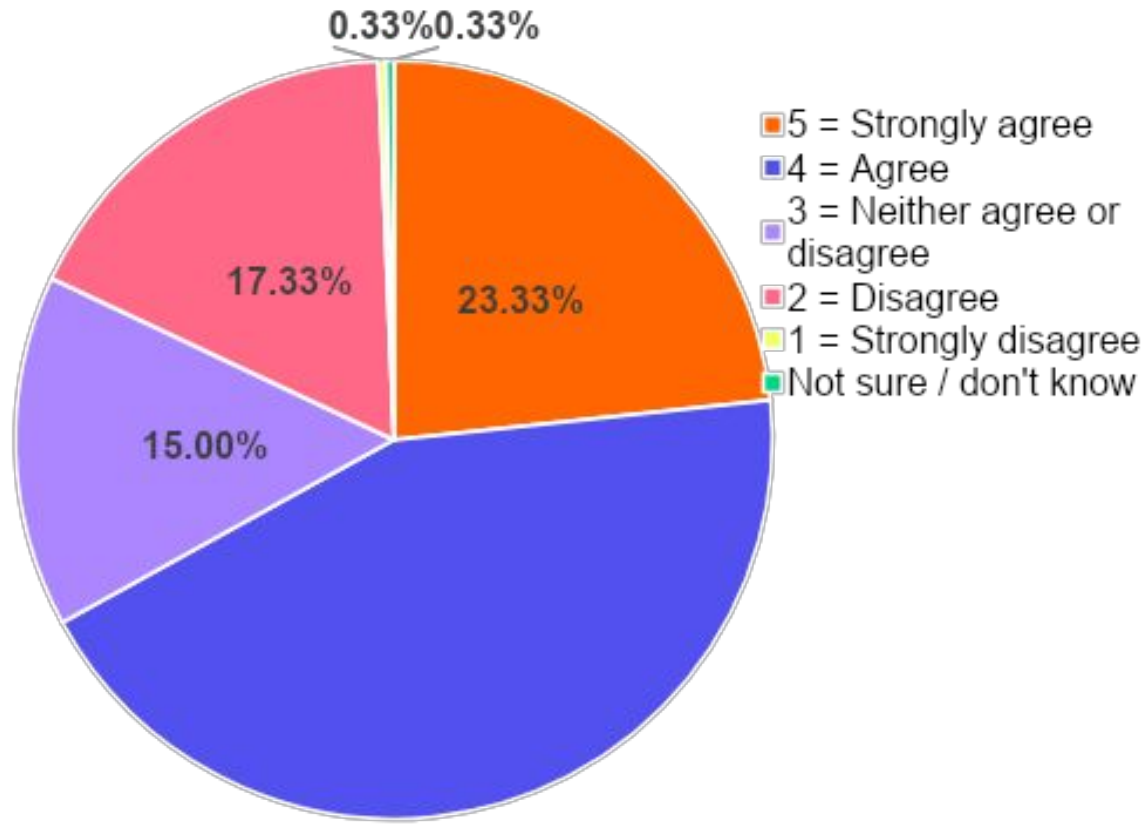
First poll question: Innovation Results

“As a company, we consistently meet our stated innovation goals.”

- 5 = Strongly Agree
- 4 = Agree
- 3 = Neither Agree nor Disagree
- 2 = Disagree
- 1 = Strongly Disagree
- Not sure / don't know

Innovation performance is not good enough

As a company, we consistently meet or exceed our stated innovation goals.



77%

of companies

don't consistently achieve
their innovation goals

The Black Box of Innovation is Holding Us *All* Back

Senior Leadership

“How come innovation isn’t moving the needle for us strategically?”

Front-end Innovation

“What’s happening with all the opportunities we’ve sent forward?”



Business Stakeholders

“How come I can’t see any clear ROI from our innovation investments?”

Launch Pipeline

“Why are we chronically under-resourced on critical innovation projects?”

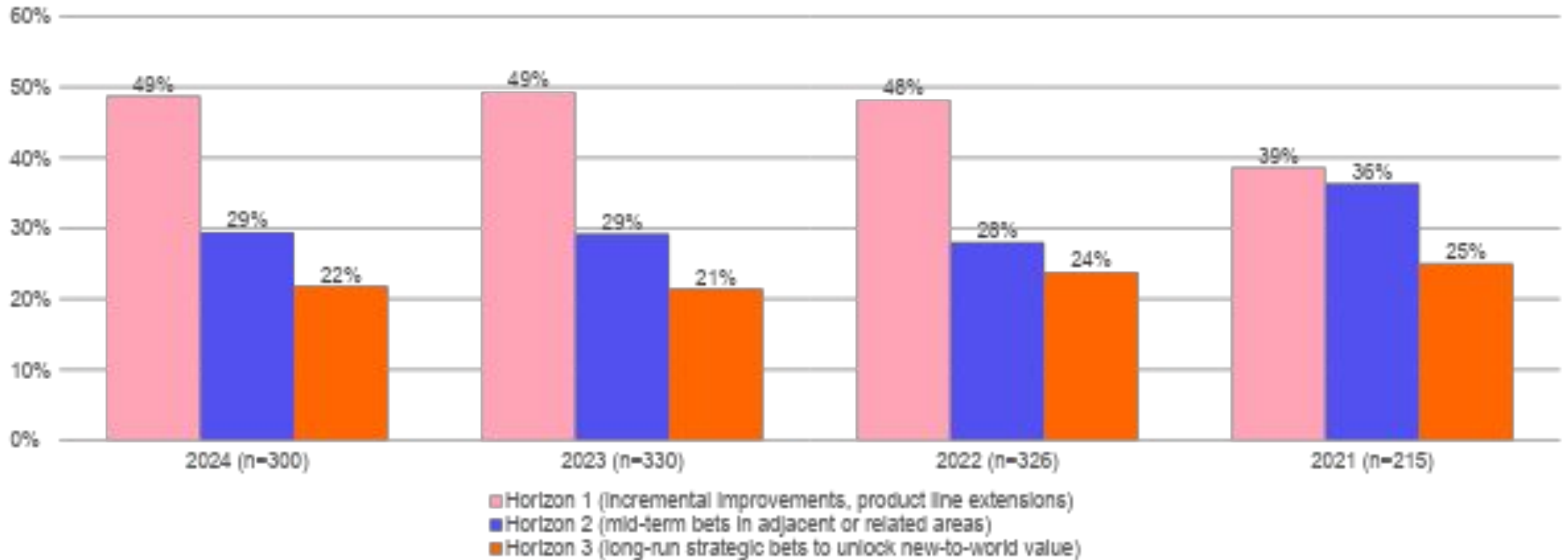
Second poll question: Portfolio Allocation

“What percentage of your company’s innovation efforts are devoted to each of the following types of innovation?”

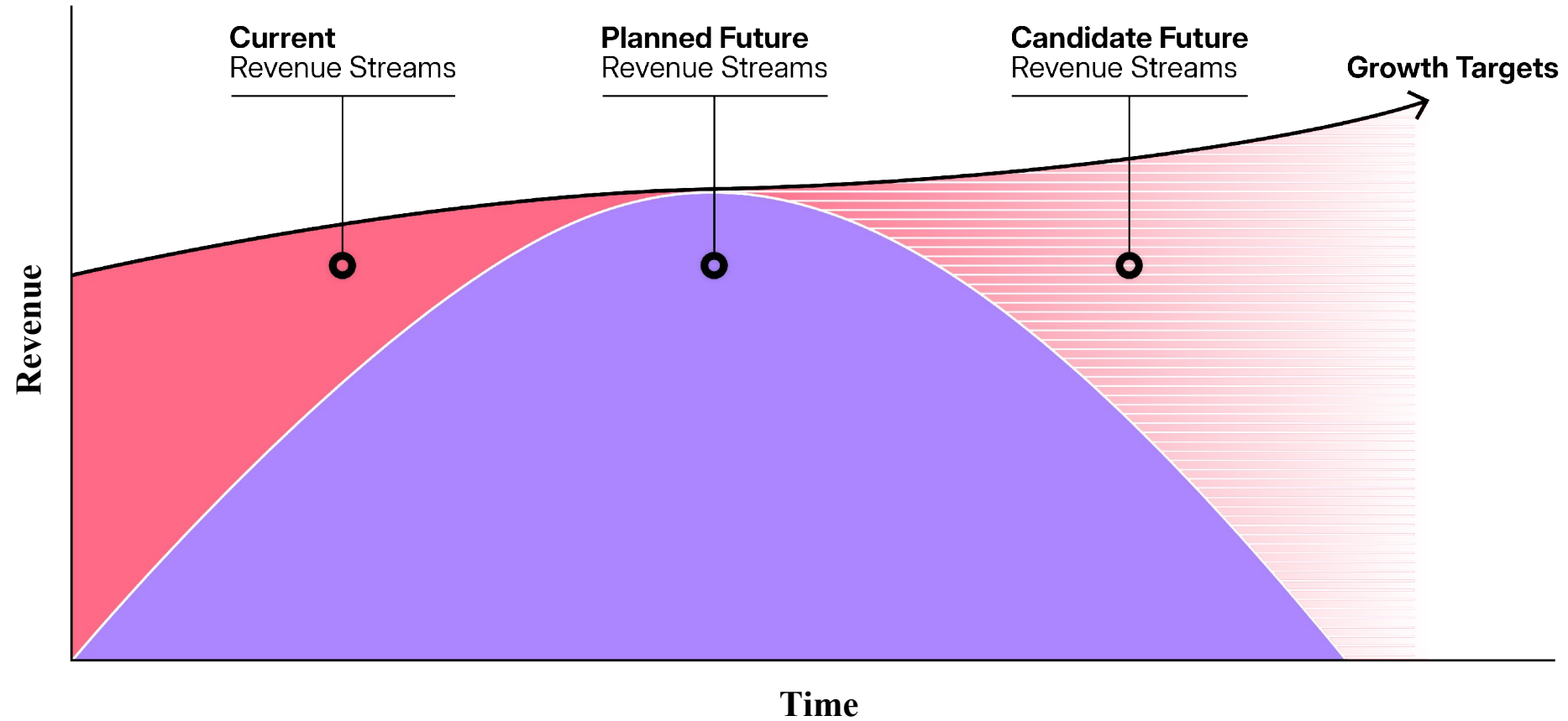
- Horizon 1 (incremental improvements, product line extensions) _____ %
- Horizon 2 (mid-term bets in adjacent or related areas) _____ %
- Horizon 3 (long-run strategic bets to unlock new-to-world value) _____ %
- Not sure / don’t know / not applicable

What does this really mean? Is it actionable?

What percentage of your company's innovation efforts are devoted to each of the following types of innovation?



Revenue Streams are THE focus points



Growth Innovation = Integrated Planning & Execution

