



Bubble charts activity

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Managing Innovation

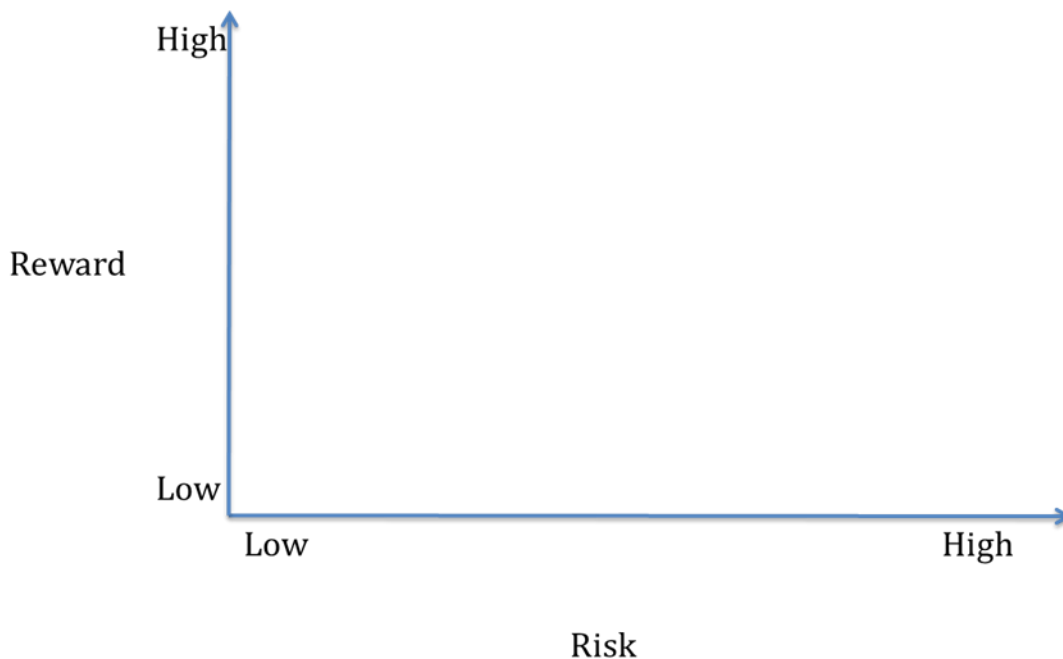
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(see also Matrix methods)

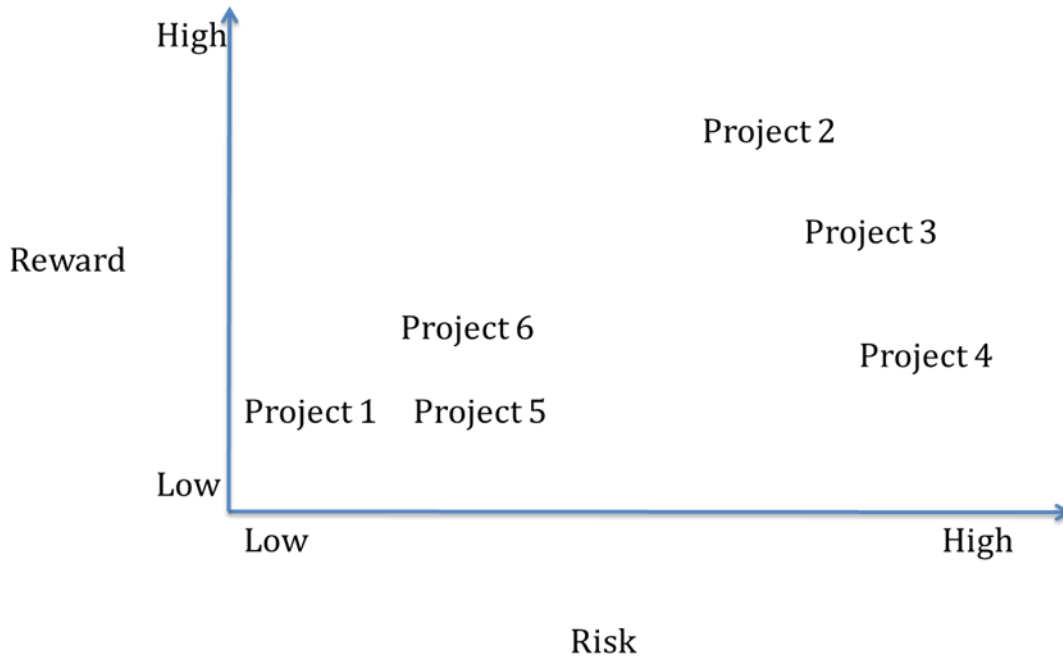
One of the big problems in managing innovation is selection. No organization has infinite resources so it needs to find a way of answering the question ‘of all the things we could do, which ones are we going to do?’ And its probably worth asking a follow-up question – ‘...and why?’. Choices about innovation projects need to be strategic – making sure what we plan to do fits with our knowledge base and experience, that it offers a good return, that we can capture value, and so on.

For a start-up the problem is relatively easy – there is only one project to consider. But for the growing organization the challenge is one of building a balanced portfolio, making sure there is a good mix of incremental (‘do what we already do but better’) and radical (‘do different’) innovations. Bubble charts provide a useful way of looking at the portfolio and opening it up for discussion and exploration.

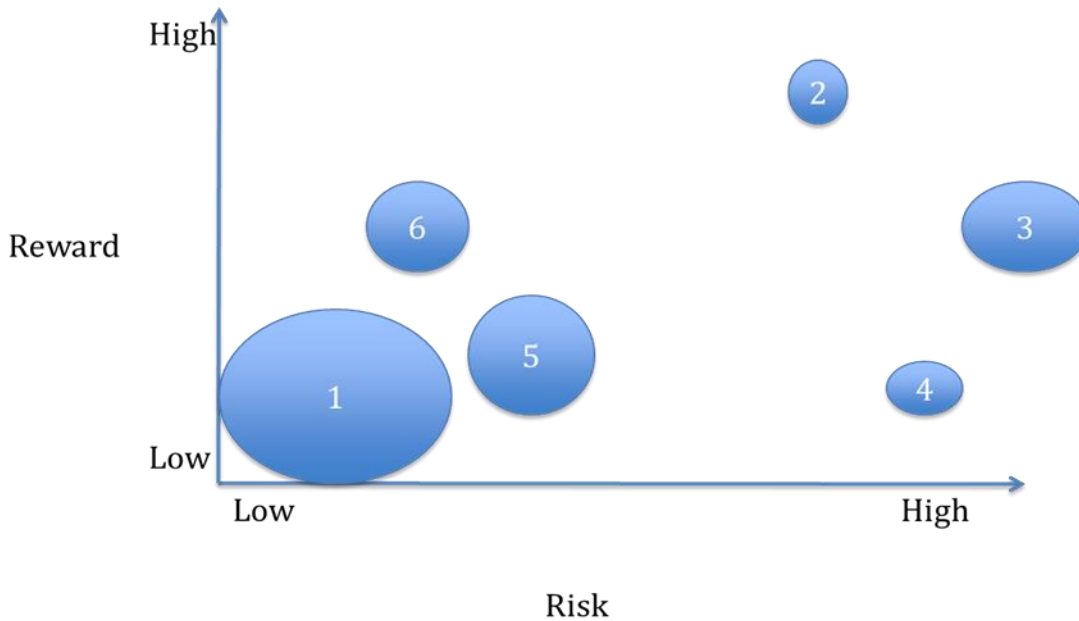
Step 1 involves building a simple matrix with two axes representing important dimensions in the discussion. For example we could choose ‘risk’ and ‘reward’ and label these from low to high.



Step 2 involves mapping out current and planned innovation projects on to the space set up by the matrix – this gives us an idea of how balanced out portfolio is. It helps us answer questions like ‘have we got too many high risk projects?’ r ‘Are we concentrating too much on simple incremental improvements?’ It also highlights where we might have projects of little value which we might drop in exchange for those offering greater reward.



Step 3 refines the picture by mapping each project in terms of the size of investment of resources we are making. A small circle ('bubble') represents little commitment whereas a large one consumes a lot of resources. In this way we can see not only the overall spread of projects but where we are using our scarce resources.



We can use this technique to explore various aspects of the proposed innovation strategy – for example our axes could be about market growth and market share. (This is the famous Boston Box developed by the Boston Consulting Group). Or we could look at the balance of projects in terms of market opportunity and our knowledge base and use it to assess how far we are able to deploy what we already know and where we might want to carry out projects which are attractive in market terms but require us to learn some new knowledge (through R&D, licensing, etc.)

Activity

Think of an organization with which you are familiar and try to construct a bubble chart representing its current innovation portfolio. Where is it strong and where might it have room to change that portfolio? How and where might the balance change in the future? What would be relevant axes for the matrix to help them build a rich understanding of their innovation portfolio?