

# Perspectives on R&D Portfolio Prioritisation

## Deliver your strategy

For many organisations the R&D portfolio is the life blood of the business - reshaping products and markets, and ultimately driving strategy. Needless to say it's important that your R&D efforts are focused on the right opportunities - aligning your portfolio with your strategic objectives could be the most important thing you do.



## Get focused

We are yet to find an organisation with more budget than it thinks it needs. As a result many try to do too much, jeopardising the quality and effectiveness of the portfolio. Strategically important projects are unknowingly delayed, market opportunities are missed and precious effort is spent managing these shortfalls and resetting expectations. It is vital to challenge how well your portfolio is aligned to your strategy – you need to be prepared to stop projects to free up resources and focus.

## A balancing act

The most strategic part of portfolio management is prioritisation. Alternatives need to be understood, evaluated and decisions made. Resources must be focused on delivering the best return on investment, and a portfolio must be selected that balances the short and long term returns, organisational vitality and risks. Decision analytical tools and processes can help structure and inform this process, applying evaluation metrics that represent and enforce strategic objectives.

## Break down those silos

It's only natural for different business groups and product lines to have different perspectives and priorities. And it's common practice for trade-offs to be managed and resources to be controlled and allocated within these enclaves. But this isn't good enough. For portfolio management to be effective people need to share a common goal. Investments, risks and trade-offs need to be evaluated consistently across the whole portfolio, and aligned with shared strategic objectives.

## R&D is not an island

Clearly, to be effective the R&D portfolio needs to align with and support the product and business strategies. R&D, marketing, sales and other functions need to work as one to develop compelling initiatives. Strategic portfolio management can bridge the gap between these separate groups and ensure that R&D is working in support of the common good and enabling the business strategy rather than driving it or working to a different agenda.

## Get engaged

It is tempting to believe that alternatives can be evaluated and priorities can be set by collecting data and plugging the numbers into a predefined algorithm. Although superficially attractive, this approach won't capture the imagination of the team, drive alignment across the business or align your people to the results. A process of active engagement that enables productive dialogue between the appropriate stakeholders uncovers more opportunities, leads to better decisions and builds understanding and alignment with a genuine commitment to delivery.

## Stay agile

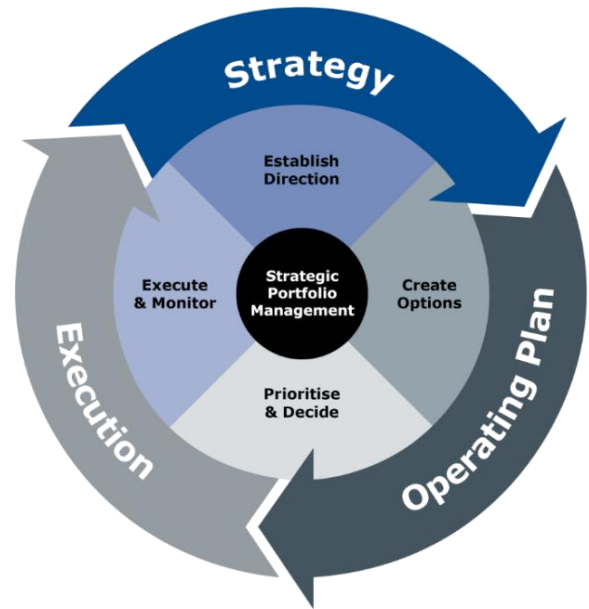
Things happen. Working to a structured process does not imply rigidity. In fact quite the opposite, it provides a framework with the ability to adapt to those inevitable in-cycle changes while retaining control and ensuring that the strategy is not derailed.

# Strategic Portfolio Management

The Catalyze Strategic Portfolio Management process can be applied to prioritise a portfolio of R&D projects.

- We start by understanding your strategic intent and objectives, and work with you to translate these into measures and scenarios against which your investment options can be developed and objectively assessed
- The next step is to establish what your options are, encompassing your committed projects and your future wish-list. We will challenge each project for strategic alignment, and encourage you to think expansively about your business and opportunities
- We then engage the right people in your organisation to assess and prioritise your future plans, leading to an agreed and coherent portfolio
- Measures and targets are agreed for the execution phase

The process is designed to be built into a regular business planning and management cycle. The approach can readily span multiple levels in your organisation, and is frequently used to align corporate level objectives and plans with multiple divisions.



The process delivers:

- **Alignment**, with objectives that are clear and directly linked to decisions
- **Engagement**, bringing together diverse perspectives from across your organisation, enriching the ideas and ensuring that commitment is designed-in from the outset
- **Value**, ensuring that you focus on the right things, that all your activities are value-adding and contributing directly to meeting your objectives
- **Results**, by providing clear direction and metrics into operations management

*“Catalyze helped us align our investments with our strategy, and optimise the return on investment for the available budget.”*

Alvin Wilby,  
Strategy and Technical Director, Thales UK

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## About Catalyze

At Catalyze we help organisations create and execute decision-making processes which focus on the best possible outcome; engaging people, breaking down barriers, creating understanding of different perspectives, and making best use of resources.

Catalyze was founded in 2001 in conjunction with the London School of Economics and Political Science, applying techniques built on robust and validated decision theory. We support global clients from offices in the UK, USA and New Zealand.

Tel: +44 (0) 1962 775 923

Email: [info@catalyze.co.uk](mailto:info@catalyze.co.uk)

[www.catalyze.co.uk](http://www.catalyze.co.uk)