

Paper REVIEW #7



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Key words: innovation, revenues-costs-risks, decision making, what-when-who-why

In the most recent issue of Harvard Business Review (July-August 2014) an excellent article has been published about INNOVATION. A lot is presently being written with respect to innovation - and that is surely an understatement. The challenge, however, is to still see the trees through the wood and pick-out the best ones. This article is a pearl. Its strength lies on one side in its easiness to understand and its simplicity to apply, and on the other hand in its innovative approach (what's in a name ...) of innovation.

Running a business is simply (!?) about key decisions to be taken with regard to:

- earning revenues,
- incurring costs,

- managing risks.

Questions to be answered in that respect are related to:

- what your proposals will be,
- when decisions are made,
- who makes them, and
- why.

In summary, this paper addresses these four questions and formulates twelve recommendations.

WHAT mix of products or services should you offer ?

- 1 Focus narrowly
- 2 Search for commonalities across products
- 3 Create a hedged portfolio

WHEN should you make your key decisions ?

- 4 Postpone the decision
- 5 Change the order of your decisions
- 6 Split up the key decisions

WHO are the best decision makers ?

- 7 Appoint a better-informed decision maker
- 8 Pass the decisions risks to the party that can best manage the consequences
- 9 Select the decision maker with the most to gain

WHY do key decision makers choose as they do ?

- 10 Change the revenue stream
- 11 Synchronise the time horizons
- 12 Integrate the incentives

All the above-mentioned items are properly worked out in this paper and can in principle easily be applied in every company or organisation.

Enjoy reading !

Further reading: both authors have recently published "*The Risk-Driven Business Model: Four Questions That Will Define Your Company*" (Harvard Business Review Press, 2014).