

Introduction

Internal innovation is a clear hallmark of successful mid-market companies. Here are some ideas on how CEOs can boost their companies' R&D quotient.

Source: <https://chiefexecutive.net/seven-secrets-successful-innovation/>

1. Success can be found close to home.

Of total middle-market innovation investment, 42% is devoted to projects aimed at existing markets and deploying existing knowledge, according to the National Center for the Middle Market (NCMM). These initiatives typically produce comparable payoffs to riskier ventures.

2. Consider adventurous projects

Focus part of your resources at "out there" targets that will aim at unfamiliar markets or employ new knowledge. The fastest-growing middle-market companies reach that status in part by being good at blue-sky R&D efforts.

3. Optimize your resources

If a company is going to depend on its own innovation, CEOs must make the most of who and what they've got. That means encouraging cross-departmental interaction, not just relying on a distinct R&D team, as well as strong engagement by senior leaders including top marketing and IT executives, the NCMM advises.

4. Build up an infrastructure

While encouraging innovation from all over the company, chiefs should ensure that there are formal processes in place for generating, selecting and implementing innovative ideas—though not so formal the inventiveness is stifled, according to the NCMM.

5. Cull quickly

Being smart with R&D resources means recognizing—and jettisoning—losing ideas quickly.

6. Think early about monetization

"The excellent companies, large and mid-market, have monetization people in their R&D teams exactly from Day One," says Georg Tacke, co-CEO of Simon-Kucher & Partners consultants.

7. Be open to new ownership influences

One advantage of the surge in private-equity investments in mid-market companies is that they often bring general management experience and domain-specific expertise to their investments, which in turn can boost R&D and innovation at the company, says Doug Farren, managing director of the NCMM.



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