The Smart Organization: Creating Value Through Strategic R&D
Why do some firms continually make poor R&D decisions while others can deliver a stream of successful products and services? According to the Mathesons, successful firms have internalized the nine interlocking principles of smart R&D - the building blocks of a corporate culture that emphasize making the right strategic decisions at the right times, and aligning organizational practices to support these decisions and sustain their results. The nine principles include embracing uncertainty, opening information flows, and encouraging systems thinking. Once in place, these values enable companies to make appropriate choices about their R&D planning, portfolio management, and project strategies. The authors stress the importance of evaluating trade-offs, investigating alternatives, and getting buy-in across functions to ensure that decisions will be viable from both technological and managerial perspectives. They use best practice examples from companies including General Motors, Pilkington Glass, and BankOne of Ohio to demonstrate that the methods used to enrich R&D planning can be applied more broadly to create, in effect, the smart organization.

Book Information

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Customer Reviews

Frequently organizations face the challenge of what not to do. They tend to believe in the person presenting the idea, rather than creating a rigorous process for evaluating the options before them. Companies adopting best practices in managing their investment options realize substantial gains in their long term bottom line. This book quantifies this performance difference, and what the best
practices are across a range of industries. Why aren't organizations more rigorous in selecting projects? The book outlines several barriers which are extremely relevant:

- It will make a popular champion look bad.
- Organizational resistance to change, or cannibalization of an existing business for a new opportunity.
- We confuse the urgent with the important.
- It's hard to agree on measures and success criteria.
- People are afraid of making the wrong prediction, so they don't make any.
- It's hard to normalize results from different contributors.
- Business plans are not integrated with new project activity.
- Power and politics, a methodical evaluation leaves no room for interpretation and "behind the scenes" trade-offs between groups and individuals.
- Lack of strategy.

The best practices outlined in this book are backed by substantial research. I would have liked to have seen a few additional chapters on application of best practices in real companies — a case study of a turn around.

Focusing on large R&D intensive organizations, this book explores nine key principles that make these enterprises effective, such as: open information flow, systems thinking, and continual learning. The author's emphasize the decision making process as a means of changing and improving overall organizational performance. If you are seeking new insights into how strategy is developed, excellence can be achieved in decision making, and organization renewal can be realized, you will find this book enlightening and fascinating reading. The insights offered here are by no means limited to high-technology firms; they apply to any organization seeking to be successful in today's fast-paced markets. This work includes an organizational IQ test (a diagnostic tool) for identifying root causes of the barriers to improving decision processes. There is an impressive amount of knowledge about organization to be gleaned in The Smart Company. Whether you are a technology-based business or not, you will find many nuggets in this work. We highly recommend it.

As an experienced decision analyst, I really enjoyed reading Chapter 10 on R&D Portfolio Strategy. I was already familiar with much of the material in the early chapters, being steeped in the Howard/Stanford/SDG/SDRM school of thought on DA, so I skipped the earlier chapters. Often times we do careful analyses on individual projects to get them all on a level playing field, but the concepts of this chapter bring together the elements of how to evaluate and prioritize those carefully characterized projects. The R&D Productivity Chart is a simple-but-excellent tool to rank projects. And their low vs. status quo vs. high vs minimal investment level was a nice detail to further refine our projects. I also appreciated the history and philosophy behind the names of the Bread-and-Butter, White Elephant, Oyster, and Pearl project categories. And the concept of
developing a Value Creation culture cannot be emphasized enough. I've always been impressed by SDG's approach to things and this book by SmartOrg in no exception. Recommendation: Buy it, even if only for Chapter 10. --Matt Franklin

I have worked with this organisation and they are very good. David is able to guide, and challenge in a way that brings about transformation with people's thinking and approach to driving their businesses. This book does create value in your organisation by following the techniques and principles as outlined by the Mathieson's. Worth reading several times.

I bought this book with not much idea of what it has got for me. As I went through some of the initial chapters I really got interested. The book has numerous examples and case studies. This really helps in understanding the concept and driving an analogy to actual life scenarios. I strongly recommend reading this book. Thanks.

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