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Structure Your Global Team for Innovation

by Keeley Wilson and Yves L. Doz | 10:00 AM October 4, 2012

Many firms struggle to exploit the innovation potential of their global networks. That's partly because they manage global projects like traditional ones. But single-location projects draw on a reservoir or shared tacit knowledge and trust that global projects lack. To get the most from dispersed innovation, managers need a different playbook.

Here are three ways to set up and manage global innovation for success:

1. Assign oversight and support responsibility to a senior manager

When the knowledge base underlying a project is fragmented and project teams are scattered over multiple locations, miscommunication, conflict, and stalemates over crucial decision making are much more likely. Project teams often struggle to handle these problems constructively over a distance, especially when disagreements become personal, and so senior managers have to take on a formal role as arbiter, risk manager, support provider, and ultimate decision maker.

Contrast this with the more familiar world of single location projects, where senior managers can give the go-ahead to an innovation project and then step back and let the team get on with it. This hands-off approach works because on-site executives can rely on informal communication and feedback mechanisms to maintain oversight. Being on the spot, they're more likely to become aware of difficulties early on and can intervene when necessary to resolve them.

Companies that are smart about global innovation create an explicit role for senior executives in their projects. For example, at Essilor (<http://www.essilorusa.com/EN/Pages/default.aspx>), a global corrective lens manufacturer, an executive team member is assigned to head up every international project, monitoring progress, making key decisions, and ensuring that the project meets the firm's strategic objectives.

Essilor undertook a project to develop photochromic lenses with partners PPG and Transitions Optical. The project involved more than 20 sites around the world. To ensure first mover advantage, the schedule was extremely aggressive. Once the project was under way, it became clear that to hit the launch date, the production ramp-up phase would have to be reduced. This could be achieved only by taking shortcuts in the production validation and evaluation processes. None of the managers of the 18 production facilities were comfortable with that kind of risk.

With loose executive oversight and unclear decision rights, the project might have stalled or derailed. But the executive responsible for the project saw the dilemma immediately and took it to the executive committee, which agreed to the shortcuts and made it clear that the risk belonged to the project, not to the production sites. The problem was resolved without any disruption to the work flow, and the product was launched on schedule.

2. Use rigorous project management and seasoned project leaders

In addition to a fully engaged senior manager, a global innovation project requires a strong project management team to drive the project on a day-to-day basis and strong team leaders supported by robust tools and processes. These are necessary to impose discipline, structure, and a shared sense of purpose across the locations.

Firms can approach these challenges in a number of ways. Some adopt rigorous quality programs to provide formal project management for global projects. Siemens uses Design for Six Sigma to define common analytical tools, provide coaching, and set targets and timetables for feedback meetings. Those processes are then adopted across all sites.

Alternatively, firms can build a corporate project-management capability. Essilor, the lens manufacturer, has a corporate unit that runs global projects. The unit includes staff members from all functions and geographies, many of whom spend several years as project managers of global innovation efforts before returning to their area of specialty. These positions are desirable ones: Project managers value the opportunity to work closely with the senior executives assigned to their projects. And because the roles involve extensive travel and exposure to different parts of the firm, project managers leave the unit having built strong cross-cultural skills and robust relationships and networks all over the world.

3. Appoint a lead site

Each site involved in global innovation will see the project through the prism of its own contribution and context, rather than putting the bigger picture first. That's why all sites can't carry equal weight, even if their experience and expertise are equivalent; one has to be designated the lead, taking responsibility for delivering the project on time and on budget.

Let's compare the approaches taken by a global electronics firm we'll call Elecompt and by STI, a joint venture between Schneider Electric and Toshiba. Each site involved in the STI project was a global leader in its field. However, the French site, which had been heavily involved in defining the new product requirements, was given responsibility for the project: coordinating the project management team, integrating the work of the other sites, and making final decisions. Having a clear lead site ensured prompt decision making and a project successfully delivered on time and on budget.

At Elecompt, each site had equal weight in making decisions and managing the project. That meant that every decision and aspect of cooperation had to be negotiated among multiple sites, at best a slow and cumbersome process. With each site defending its own corner, stalemates were common. Two years into the project and with renewed senior management focus, the necessary management structures were finally put in place to enable the project to progress.

It's not easy to build a global innovation capability, but for companies that don't have the skills and processes in place to manage global innovation projects, the future offers a stark choice: Continue with only colocated projects, in the hope that they will fill the innovation pipeline for a few more years until global competition intensifies and makes local innovation a niche activity. Or begin building a capability in global innovation now to take advantage of lower development costs, faster time to market, and, most important, the ability to leverage dispersed knowledge to gain competitive advantage.

This blog post was excerpted from the authors' article "10 Rules for Managing Global Innovation" (<http://hbr.org/2012/10/10-rules-for-managing-global-innovation/ar/1>) " in the October (<http://hbr.org/archive-toc/BR1210>) issue of the magazine.