Developing & Monetizing Long-term Vision for R&D RoR

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Developing & Monetizing Long-Term Vision for R&D

Goal:
To discover best practices for forming a long-term vision for R&D, as well as how to use that vision to influence the strategic direction of the firm.
Project Overview, Phase 1

**Outputs:**
- Assess the state of the art for long-term vision and planning
- Explore drivers of success / satisfaction
- Define “better” practices

**Insight Gathering:**
- 5 working sessions
- 20 interviews
- 71 completed surveys
We have a problem....
Most companies are not satisfied with their processes

Current Behaviors / Practices

<table>
<thead>
<tr>
<th>Satisfaction Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not / Minimally Satisfied</td>
<td>50%</td>
</tr>
<tr>
<td>Moderately Satisfied</td>
<td>36%</td>
</tr>
<tr>
<td>Very Satisfied</td>
<td>11%</td>
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Best Practices

<table>
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<tr>
<th>Satisfaction Level</th>
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<tr>
<td>Extremely Satisfied</td>
<td>2%</td>
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How do organizations with different levels of satisfaction behave?

ORGANIZATIONS THAT ARE MORE SATISFIED WITH THEIR PROCESSES...
… look at more extended timeframes (5+ years) when defining long-term.

Current Behaviors / Practices

- Not / Minimally Satisfied
- Moderately Satisfied
- Very Satisfied

Best Practices

- Extremely Satisfied

0 – 4 years  5+ years
...engage in long-term planning annually (or even more frequently).

**Current Behaviors / Practices**
- Not / Minimally Satisfied: Ad Hoc
- Moderately Satisfied: Annually
- Very Satisfied: Annually, with “revisits” as needed

**Best Practices**
- Extremely Satisfied
…believe the **PURPOSE OF R+D** to be more future focused than their less satisfied counterparts.

**Current Behaviors / Practices**

- Not / Minimally Satisfied
- Moderately Satisfied
- Very Satisfied

**Best Practices**

- Extremely Satisfied

- Driving growth in core markets
- Supporting the businesses
- Exploring mid-term growth

+...

- New / adjacent market expansion
- Exploring long-term growth
SATISFACTION WITH ABILITY TO GET FUNDING FOR LONG-TERM IS A SLIGHTLY DIFFERENT STORY ...
More people are satisfied with their funding than their processes… (23% vs. 13%)

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<td>39%</td>
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<td>38%</td>
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<tr>
<td>23%</td>
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Organizations that are more satisfied with funding believe the **PURPOSE OF LONG TERM PLANNING PROCESSES** to be “Driving breakthrough + industry leading innovation” – *a more aspirational view point than the larger sample.*

**Current Behaviors / Practices**

- Not / Minimally Satisfied
  - Achieving top line growth

- Moderately Satisfied
- Very Satisfied
  - ... +...
    - Driving breakthrough
    - Industry leading innovation

**Best Practices**

- Extremely Satisfied
Organizations that are more satisfied with their funding, fund a wider range of projects.

**Current Behaviors / Practices**

- **Not / Minimally Satisfied**
  - Ext. partnership

- **Moderately Satisfied**
  - +...
  - Work in adjacent areas

- **Very Satisfied**
  - +...
  - New tech platforms

**Best Practices**

- **Extremely Satisfied**
  - +...
  - Long-term initiatives
  - New bus. models
Satisfaction with funding doesn’t imply satisfaction with processes…

- 23% Satisfied with funding vs 13% satisfied with process - Why?
- Some companies are more inclined to fund long-term R+D and others are less likely to fund it due to…
  - Industry, Market Conditions, Competitive Position
- These leaders may have money but are still not sure where to allocate it because they don’t have a good process
Leaders are struggling to define the right opportunities and tie into strategy

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<tr>
<td>Defining Opportunity</td>
<td>26%</td>
<td>55%</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>Sizing Opportunity</td>
<td>62%</td>
<td>26%</td>
<td>13%</td>
<td>0%</td>
</tr>
<tr>
<td>Long-Term Metrics</td>
<td>66%</td>
<td>30%</td>
<td>0%</td>
<td>4%</td>
</tr>
<tr>
<td>Tying Bus. Strategy to R+D Strategy</td>
<td>34%</td>
<td>49%</td>
<td>15%</td>
<td>2%</td>
</tr>
<tr>
<td>Integrating Risk + Decision Making</td>
<td>56%</td>
<td>32%</td>
<td>11%</td>
<td>2%</td>
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</table>
Leaders with better processes communicate their strategy with more of the organization

**Current Behaviors / Practices**

- **Not / Minimally Satisfied**
  - Leadership (Org. and / or BU) only

- **Moderately Satisfied**
  - +...
  - R+D and Mktg.

- **Very Satisfied**
  - +...
  - Sometimes into greater org.

**Best Practices**

- **Extremely Satisfied**
  - +...
  - Throughout the org. always
… but most leaders are not satisfied with their ability to interact with the organization.

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Across the board, leaders are not using the broader inputs needed to drive longer term strategy

• Less traditional “focus areas” (i.e. trends, business model, cross BU application, etc.) are utilized at much lower rates.”
  • 79% use Technology focus
  • 77% use Market focus
  • 56% use Trend focus
  • 27% use a Cross-BU focus
  • 24% use a Business Model focus
R+D organizations have a significant, unaddressed need to….

- Develop robust longer-term planning processes (87%)
- Improve their ability to secure funding (75%)
- Define opportunities (85%)
- Quantify the value of their work (87%)
- Communicate their strategy to the greater organization (87%)
Phase 2

NEXT STEPS
Next Steps / Phase 2

Outputs:

• Build a prescriptive maturity model to define and help companies mature in their use of better practices
• Identify and define next generation practices
• Understand and address gaps regarding satisfaction with outcomes
Come to Tomorrow’s Session at 10am in Texas Ballroom AB

- Demo a Scenario approach that may help companies in long range planning
- Learn how to participate to improve your company’s practices
- Join the group to lead best practice exploration