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Gartner for R&D Leaders

Navigating the Innovation Network

R&D leaders looking to drive innovation in their organizations must navigate an increasingly complex network of internal and external partners. This research examines R&D organizations that excel at navigating the innovation network and uncovers what activities help these organizations succeed.

Over time, the responsibilities of the R&D function have shifted. Activities traditionally owned by the R&D function, such as surfacing technology opportunities and incubating technologies, are now done more frequently in collaboration with others, particularly external partners. R&D is also increasingly responsible for activities formerly owned by other functions, such as product design, customer insight generation, and software development and management.

59%

of R&D leaders today agree that their R&D function is involved in more activities not typically thought of as core R&D activities compared to two years ago.¹

Additionally, R&D leaders must engage with more internal and external partners to conduct their work.

56%

of R&D leaders agree that the R&D function is more reliant on external partners today than it was two years ago.¹

As a result, many R&D leaders and their teams are struggling to successfully manage the increasingly complex innovation network and effectively use it to their advantage.

Only 7%

of R&D leaders report that navigating the innovation network over the past two years has been easy.²

Gartner examined R&D organizations that excel at navigating the innovation network, we call these organizations “Network Navigators,” and uncovered differentiating activities that these organizations are more likely to undertake compared to their peers.³

What Does Successful Network Navigation Look Like?

Successful network navigation comprises four key elements (see Figure 1):

- **Strategic Validation:** This activity ensures the R&D organization has the right technology strategy to drive future growth.
- **Pivot and Progress:** R&D organizations that pivot and progress are those that understand how to best move ideas forward and can pivot quickly when new information emerges.
- **Complexity Integration:** This describes an R&D organization that can effectively deal with system complexity.
- **Internal and External Relationship Management:** This denotes being able to successfully evaluate and manage external partners, build strong stakeholders relationships across the company, and work effectively on multidisciplinary teams.

Figure 1: Four Elements of Successful Network Navigation



Overall, R&D organizations that excel at each of these elements are more likely to successfully navigate the innovation network.

Network Navigators Have Better Business Outcomes

Network Navigators enjoy better business outcomes than their peers. They are 55% more likely to be known for being innovative and 62% more likely to outperform direct market competitors in revenue growth (see Figure 2).

Figure 2: Network Navigation and Organizational Business Outcomes
Increased Percentage Likelihood



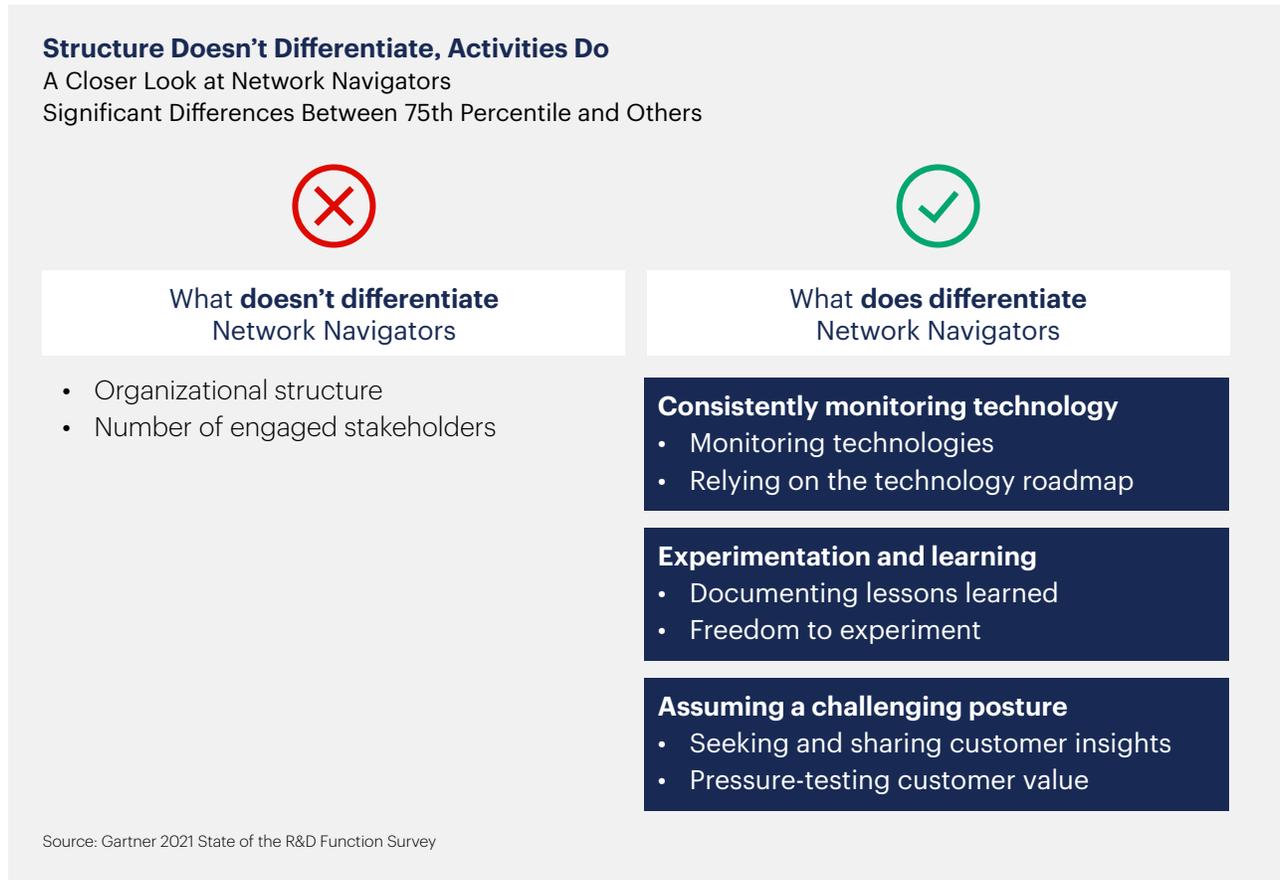
Interestingly, Network Navigators are more likely to perform a set of differentiating activities that help them better manage and leverage the innovation network. R&D organizations looking to better manage and leverage their own innovation networks and improve their business outcomes should focus on conducting these differentiating activities as well.

Key Activities Differentiate Network Navigators

Contrary to conventional beliefs, two variables commonly thought of as key to an organization's ability to successfully drive innovation — organizational structure and the number of stakeholders involved in R&D projects — do not differentiate Network Navigators from their peers. Instead, Network Navigators conduct three sets of differentiating activities that help them excel (see Figure 3).

- 1. Consistently monitoring technology:** Network Navigators are more likely than their peers to have sufficient resources to monitor technology and are more likely to have specific resources devoted to technology scouting. They also consistently rely on their technology roadmaps when making decisions. Network Navigators ensure they have the resources necessary to monitor technology so that, when the time comes, they can act quickly to develop and integrate emerging technologies. Their reliance on their technology roadmaps ensures consistent strategic alignment.
- 2. Focusing on experimentation and learning:** Network Navigators are more likely than their peers to document lessons learned from R&D projects and to adjust their actions based on those lessons. They are also more likely to have the freedom to experiment and take risks. These activities enable Network Navigators to more easily discern what works and what doesn't. They enable a "fail fast" mindset where processes and approaches that are not working are quickly discarded.
- 3. Assuming a challenging posture:** Network Navigators seek out and share customer insights and pressure-test their actions to ensure they will improve customer value. They then deprioritize projects that will not drive value for customers. By relentlessly focusing on what drives value for the customer, these organizations ensure a clearer path to successful commercialization for new and incremental innovation.

Figure 3. Differentiating Activities for Network Navigators



Organizations that excel at each of these sets of activities are more likely than their peers to successfully leverage their networks, manage complexity and act nimbly to drive innovation forward.

Endnotes

¹ Gartner 2021 Webinar Poll — This polling question was fielded to 27 R&D leaders via an R&D webinar poll.

² Gartner 2021 Webinar Poll — This polling question was fielded to 59 R&D leaders via an R&D webinar poll.

³ Gartner 2021 State of the R&D Function Survey — This survey was fielded to 202 R&D leaders from a variety of industries and geographies. All respondents reported annual organizational revenue of at least \$500 million with the exception of nonprofit and governmental entities.

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