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Market and Business Development Capabilities for Radical Ventures in Crisis Time

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ABSTRACT

“Radical ventures face brutal market reality when they leave their safe harbour of development for a challenging competitive race”.

Strategic capabilities required for developing a market and establishing a business are generally under-researched. Successfully bridging the launch to growth phase of radical ventures (RV) has not received a great deal of empirical attention in the context of technology intensive industrial markets. Though numerous have been studies in consumer contexts, in industrial contexts research has concentrated on the product development and the introduction phases of the development cycle. A recent exception is a study on corporate innovation capabilities to be deployed at company level to repeat and systemize radical innovations (RI). However, project-level investigation has the potential to add a more granular understanding of the capabilities required when a truly RI leaves the safety of the shore of development, particularly in a turbulent hyper-competitive economy in crisis.

More specifically, the focus of this research is to identify and define those market and business development (MBD) capabilities that enable RI projects in industrial markets to bridge the launch to growth phase. In order to surface the parameters of MBD capabilities, the authors integrate literature from organizational theory, strategic management, innovation management, corporate venturing and marketing management to identify a theoretical framework.

The study is a longitudinal, comparative multi case analysis through interviews and discussions with managers of RI projects. Six cases have been studied over a two year period. In addition, verification interviews with experts of four other cases have been conducted. Theoretical case sampling and triangulation was applied and implemented with extensive data analysis of proprietary and public documents.

The research indicates that a radical venture (RV) has to master a mix of four dominant strategic dynamic capabilities, central to survive the launch phase and reach the growth phase. This research confirms earlier findings about the role of generic strategic capabilities, the importance of the of alignment consistency of strategic and tactical decisions throughout the commercialization process and the need for an empowered organizational structure and appropriate DNA when accelerating and expanding the business. The research identifies those leverage capabilities that have the greatest impact and suggests to focus and to de-average. The study findings indicate a need for an action-oriented, dynamic capability mix with four associated sets of capabilities. First, connecting capabilities or the ability to anticipate and act on real opportunities, which is related to sensing, selecting and the speed of decision making. Second, shaping capabilities or the ability to drive the market for new compelling offerings, which involve scoping, scaling and stretching. Third, collaborating capabilities, or the ability to effectively work together, which include screening, selecting and sharing. Last, seizing capabilities or the ability to capture value, which relate to seizing, spearheading and synchronizing.

For academics, this study adds clarity to the fuzzy concept of dynamic MBD capabilities. MBD capabilities have to be built, leveraged and transformed real time with the right rhythm and pace. Furthermore, the findings indicate that in an era of crisis, effective collaboration capabilities can be a major catalyst for success, if they are dealt with in a correct and an integral way with other capabilities and if the collaboration portfolio is dynamically rejuvenated.

For practitioners, this study establishes an actionable framework, which emphasizes and alerts those involved in NPD to the MBD capabilities that matter because they make a difference. Management needs to be very selective, to focus on a few capabilities at a time, has to make sure their mix is customized, and has to proactively align and re-synchronize, which means to be constantly alert, agile and adaptable. The research results imply that a RV does not necessarily have to strive for ‘world class excellence’ in all capabilities, but should focus on the quality of those capabilities that provide the most leverage for enhancing impact and performance. Every RV has its own DNA and strategic logic, and these will determine which capabilities are critical to superior impact within that organization.

This article further identifies a framework and implementation process for managers and formulates directions for further research.

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