

Case Study

Overestimating Return on Innovation

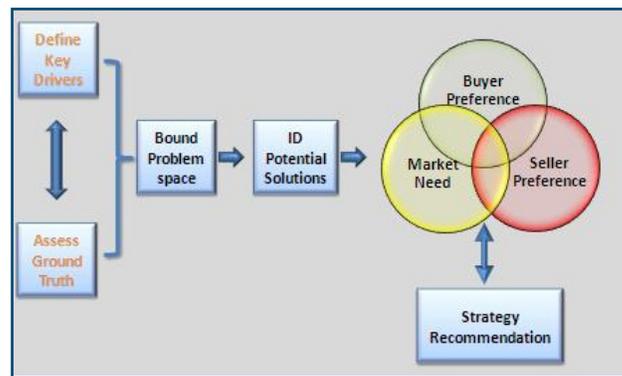
Strategy Review

Situation

Diligent Innovations was brought in to identify the root cause of investment failure across a specific activity stream of the Space Operations Division of a major U.S. defense contractor. Our client wanted to understand why they were not achieving success selling a novel product line to their government client, despite three years of effort and multiple other industry consultants assuring them they were on the right path.

Situation

Specifically, Diligent was tasked with a market viability study including assessment of the problem, the proposed solution, client demand and market prospects. An overview of Diligent's process map for conducting the market analysis is below:



Market Analysis Process Map

After determining our client's proposed solution did in fact address a market need, we focused on three key drivers of assessing whether or not their proposed government client had the money, the mission and the motivation to adequately pursue the proposed solution. Ultimately, we determined our client's program, while plausible, was not commercially viable because their proposed government client was not motivated to address the issue through novel solutions. After agreeing with our analysis, the client extended our contract to further define and assess the viability of one of the proposed paths forward, that of a 'market sensing' strategy of minimal investments in key areas that would serve as early indicators of the market evolving in a more favorable direction.

Results: Underperforming Initiative was Killed

Diligent's 'truth in consulting' process led our client to re-assess their investments to date and to stop chasing a tempting but commercially unprofitable product line, saving important capital that was re-directed to more viable opportunities. At the same time, they did enact our proposed low-level market sensing strategy to facilitate rapid market entry, should the client base or other market conditions change.

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