

IMPROVING THE METHODOLOGY OF INNOVATION PROJECTS PORTFOLIO MANAGEMENT

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OBJECTIVE

During the 4th Industrial Revolution, innovation was seen as a key factor in creating competitive advantage. At the beginning of this century, the focus of innovation management and innovation projects has shifted to innovation project portfolio management -IPPM (Meifort, 2015), which becomes a tool for the survival and success of the company in the market, as well as for business operations and debt.

So far, there are relatively few empirical studies on the application of IPPM and its results (Cooper & Sommer 2020; Kock & Gemunden, 2016), but also the fact that there is not yet a universal IPPM method that can link effective innovation portfolio management with the company's business success. Most often, the methods used by companies in this area are different combinations of techniques and tools to better match innovation projects with available resources. Balancing expected return with investment and risk allows companies to explore the best opportunities for success and future development and represents a learning effort to achieve results and reach the goals set by the innovation and business strategy (Gupta, Phaal & Probert, 2015).

Strategic decision making in the IPPM process faces important challenges, such as avoiding the trap of "too many projects", which can lead to inadequate resource allocation to individual innovation projects, and a lack of relevant data on which to base strategic decisions. It must also be emphasized that unsuccessful management of the early stages has a highly negative impact on the outcomes of the overall IPPM process (Cooper & Sommer, 2020).

All of this calls for improving the existing methodology used in the IPPM process to assess the list of active projects efficiently and continuously. Accordingly, the existing approaches, methods, tools and techniques used to manage the IPPM process are examined. It also identifies the main features of the process, as well as the activities and parameters that have an impact on the management of the innovation portfolio and, consequently on a more efficient implementation of the innovation and business strategy.

METHODOLOGY

The following methods were used in the study of the problem: collection, study, analysis and systematization of the available literature and the results of empirical studies in the field of portfolio management of innovation projects. The data analysis itself was conducted, both at the level of primary sources - studies conducted by the authors during their previous scientific research work, and at the level of secondary sources -previously conducted studies on innovation portfolio management. Through the method of comparative analysis of existing results, the main challenges in managing the portfolio of innovation projects were identified, for which the existing methodology does not provide adequate solutions.

The identification of the main challenges and the improvement of the existing methodology for innovation portfolio management was done through methods of analysis, comparison, benchmarking and case study. The research covers different areas and disciplines - the field of innovation management would be explored with the application of knowledge from project management, strategic management, knowledge

management, optimization methods, multi-criteria decision making, etc. This interdisciplinary approach to the problem should improve the methodology for the management of the innovation portfolio, which will have a relevant theoretical and practical basis.

RESULTS

The success of innovation project portfolio management is based on the achievement of its main objectives, each of which requires the application of specific tools and techniques. An optimal innovation portfolio, containing the right number of balanced projects, leads to profit maximization. This is a long-term goal of organizations that create a systematic approach to innovation management. Short-term success in innovation portfolio management is possible without a systematic approach, but in the long run, it is difficult to maintain and carries incomparably more uncertainty and risk.

Innovation itself changes both the form and the content of modern businesses, so improving the methodology to achieve the expected results in innovation portfolio management is a dynamic and continuous process. First of all, it is necessary to know that it is essential for companies to use a systematic approach. Companies that are not aware of this fact risk run the risk of drowning in the modern, turbulent business world. The innovation portfolio management framework must take into account all the specifics of a company's business at a given moment.

CONCLUSION

The process of making strategic decisions in innovation portfolio management, such as selecting and prioritizing innovation projects, evaluating them, allocating resources, and even making extremely unpopular decisions such as freezing or stopping projects, must use a mix of tools and techniques that are more comprehensive and complex than those used in managing a portfolio of traditional projects. The overall framework for innovation portfolio management can be the same, but must include systematization and structuring of the process to a degree that does not limit the organization's flexibility and ability to respond to internal and external changes and maintain a strategic focus on innovation strategy. This means that the proposed improvement of the existing methodology of portfolio management of innovation projects is mainly reflected in the significant adaptation to the specificities of each company, as they differ significantly in terms of the strategic goals they want to achieve and the resources and capabilities they have.

Keywords: innovation, innovation projects, innovation portfolio, methodology

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