

# The Lodestar White Paper Series <sup>SM</sup>

Discussions on topics in organizational performance, marketing, customer strategy, enterprise growth, and innovation of most importance to our clients.

## 9 Reasons Why Smart Companies Are Investing In More Advanced Technology Scouting Programs

by

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The Power of Research Insight

## 9 Reasons Why Smart Companies Are Investing In More Advanced Technology Scouting Programs

While technology scouting has been an important part of Lodestar's market research, business intelligence, and strategy consulting work for over two decades, we have seen an extraordinary surge in client scouting activity and the creation of increasingly more advanced and sophisticated programs in recent years. And, perhaps most noteworthy, this dynamic is taking place most frequently inside companies that are leaders (not also-rans or laggards) in their respective industries or service sectors.

Which raises three related questions:

- Why the surge in technology scouting?
- Why the increase in more advanced and sophisticated programs?
- Why are better performing, smarter companies taking the lead in scouting activity?

But, first, here are 9 reasons we are seeing smart companies investing in advanced technology scouting programs – and usually it is with two or more such goals or objectives in mind, as many senior leadership teams seek a variety of benefits across their organizations (and greater overall ROI) from a single investment in scouting.

### #1: Accelerate the Pace of Innovation

A growing number of companies increasingly understand they can work smarter (not just harder) and far faster by sourcing technologies from the outside, rather than attempting to do everything internally.

Informed scouting can also help manage the **Technology Paradox**; i.e., the challenge of deciding whether to invest early (and possibly too early) in emerging technology and risk possible failure and loss OR wait too long and miss early, ground-floor opportunities and run the chance of being out-maneuvered by more opportunistic competitors.

Tech scouting and bringing appropriate technologies inside the organization also helps companies overcome **NIH Syndrome** (not invented here) – a complex of in-house biases that, left unaddressed, can slow innovation, growth, and business process improvement.

## **#2: Manage Technology . . . Rather Than Be Managed by It**

Smart companies better understand the imperative to systematically monitor, assess, react, and leverage advances in technology and their potential impacts and implications for the business – this rather than sitting passively by, leaving technology-related developments unmanaged, and hoping for the best.

Actively managing technology requires continuously updated organizational technology roadmaps and game plans – and scouting is ideally suited to help inform their development and deployment.

Over time, advanced scouting programs can foster expanded technology intelligence, competence, and situational awareness company-wide, in the process engendering a more agile, future-leaning, and anticipatory corporate culture, workforce, and management team – all enormously important benefits in today’s ever-changing and competitive marketplaces.

Importantly, across any given group of competitor companies, those actively gathering, assessing, and managing advances in technology can *de facto* gain a significant competitive advantage over those who do not. Smart companies effectively capitalize on this critical secondary tech scouting benefit.

## **#4: Solve Intractable Internal Challenges and Obstacles**

Even the best companies can “stall out” in trying to address even tactical or operational problems, much less more strategically “mission critical” challenges, using only their internal resources, capabilities, and expertise. Technology scouting can bring “a breath of fresh air inside the company” in the form of new ideas, perspectives, and potential solutions – and become a “roadblock-buster” in the process.

Smart companies also realize that scouting becomes “a rising tide that lifts all boats” by driving new solutions and performance improvements across multiple functional areas, including R&D, manufacturing, operations, marketing, sales, long-range planning, product management, and even customer care (see # 10 below).

## **#5: Strengthen Organizational “Future Vision” and Gather New Competitive Intelligence**

Scouting can make important contributions to a company’s competitive intelligence, future forecasting and strategic planning capabilities. It enables decision-makers across

the organization to look “farther over the horizon” and better anticipate the challenges and opportunities various advances in technology will present in the years ahead. Companies with stronger “future vision” are better able to avoid strategic surprises, or at least better mitigate their effects.

As a part of their overall programs, many scouting-savvy companies also closely monitor their direct competitors – what kinds of R&D investments are being made, what types of technologies are being commercialized, what kinds of alliances and partnerships are being forged and with whom, what kinds of venture investments are being made and why, etc.

These kinds of competitive intelligence – not readily available from other sources or means - can be invaluable for more informed strategic decision-making across the organization.

## **#6: Identify New Ways to Commercialize Unused or Underleveraged Existing Intellectual Property**

Businesses frequently develop or acquire technologies and other intellectual property they are unsure how to leverage. In some cases, such assets can “sit on the shelves” unused for years.

In more advanced scouting programs, smart companies use “reverse” or “outward bound scouting” to continuously explore for new or better ideas for putting unused or under-leveraged technology assets and other IP to work.

## **#7: Identify Qualified Candidates for Partners/Alliances or Corporate Venture Investment**

Increasingly, smart companies are seeking to create new partnerships, alliances, and other collaborative relationships as a means to speed growth, share risk, and reduce R&D investment costs. Technology scouting can provide critical insights into which potential partners are better or worse candidates for such arrangements and why.

Similarly, companies with corporate venture programs or formal funds can make more informed investment decisions via technology scouting-driven insights.

## #8: Pre-empt and Disrupt Competitors and New Market Entrants

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For both offensive and defensive strategic purposes, smart companies focus their technology scouting efforts on identifying ways to keep competitors off-balance and disrupt the plans of new or potentially new market entrants.

## #9: Enhance/Transform Customer Care/Experience

Artificial intelligence, virtual and augmented reality, the Internet of Things (IoT), Bitcoin, robotics, facial/voice recognition, and many other rapidly evolving technologies are being closely scouted by smart companies in order to understand how they can be leveraged to make quantum leaps in customer care and experience.

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With the foregoing list of 9 reasons why smart companies are investing in advanced, technology scouting programs, let's now briefly return to the three questions posed at the start of this discussion.

### Why the surge in technology scouting?

Because, as the foregoing list suggests, the strategic benefits scouting can provide across a company's operations are simply too numerous and impactful to not be taken advantage of. Also, smart companies are increasingly coming to understand that they can't do everything internally and do it well – that important drivers of future performance need to be "hunted and gathered" externally and brought inside through a scouting process.

*"At least one-half of our company's ideas must come from the outside if we are to succeed. In today's marketplace, we can achieve far more through collaboration with others than we can ever hope to realize on our own."*

Alan Lafley  
Chairman Emeritus  
Proctor & Gamble

## Why the increase in more formal and sophisticated programs?

Because technology scouting benefits of the kind discussed here cannot be pursued on only an occasional, unstructured, *ad hoc*, “hit ‘n miss” basis and by staff that already have other job responsibilities.

Rather, more formal scouting game plans, dedicated resources and tools, trained full-time professionals and/or consultants, greater senior managerial overview, and systems and processes for deploying scouting information – and putting it work – are all required.

Another driving issues is the volume and complexity of emerging technological. More advanced programs are required simply to keep pace.

*“In a world where technology and product knowledge has been globally distributed, companies must look outside their R&D departments for sources of technology and innovation and growth. If you company does not have a formal and continuously improving process for doing so, you need to get one.”*

Henry Chesbrough  
*In Open Innovation*

## Why are better performing, smarter companies taking the lead?

There is no clear explanation here, but a “chicken or egg” dynamic may be at work. Many of the companies Lodestar works with are already smart or smarter in part because of previous investments they have made in technological, environmental, and market landscape scouting and assessment.

Certainly, they understand technology scouting, how to go about it, and the associated tangible and intangible ROI at a far deeper level than their less-scouting-savvy counterparts.

*“It takes so much money to develop new products and services and to penetrate new markets that few companies can go it alone in every situation – nor should they try to. New ideas from the outside, better technology*

*scouting capabilities, and more effective strategic  
collaboration with partners has become the new imperative.”*

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Clayton M. Christensen  
In The Innovator’s Dilemma

## **A Closing Thought**

As noted earlier, technology scouting is a “rising tide that lifts all boats” across a company’s operations. It can drive growth, innovation, improved performance, and competitive differentiation in ways few other investments can.

Smart companies already understand this – and others are coming on board every day. But, scouting, done well,

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## **About Lodestar**

Lodestar is an advisory services firm that helps clients create, manage, and utilize information and intelligence of all kinds to solve complex business problems. Our work has two goals: improve business performance and drive growth.

The firm is built around six major practice areas - marketing research and decision sciences, information management, innovation, marketing effectiveness, organizational performance, and customer experience management.

We also offer specialized services in areas such as competitive intelligence, technology scouting, intellectual property assessment, future forecasting, performance measurement, marketing effectiveness, ROI assessment, strategic planning, sales force effectiveness, and go-to-market strategy.

Lodestar works with Fortune 1000 and SMB clients across a variety of industries, including financial services, healthcare and life sciences, media, publishing, technology, professional services, manufacturing, and the public sector.

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