

Category

Strategy

Innovation Portfolio & Strategic Initiative Prioritization Playbook

A method for inventorying every strategic initiative, classifying it by ambition and horizon, and rebalancing resources so the innovation portfolio matches the risk profile leadership actually intends.

- Practitioner
 - Intermediate
 - Template Included
 - Workshop Ready
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 - 8 minute(s)

Overview

A portfolio prioritization playbook using the Innovation Ambition Matrix and Three Horizons model to classify, score, and rebalance strategic initiatives so resources match intended risk appetite.

What's a reasonable target split across the three horizons?

A commonly cited reference point is roughly 70% core, 20% adjacent, and 10% transformational, but the right split depends on industry maturity, competitive pressure, and risk appetite — a company facing near-term disruption may deliberately skew more toward Horizon 2 and 3. The important part is setting the target deliberately, not defaulting to whatever last year's spend happened to be.

How do we evaluate a Horizon 3 initiative if we can't build a reliable ROI case yet?

Use milestone and option-value criteria instead of a financial ROI hurdle: does the initiative have a credible customer validation plan, a technical feasibility proof point, and a clear next stage gate. Fund it in stages tied to clearing that evidence, rather than asking for the multi-year financial model a Horizon 1 project would need.

How often should the portfolio be re-reviewed?

Quarterly, not annually. Individual funding decisions happen continuously throughout the year, and a portfolio that looked balanced in January can drift heavily back toward core by

September without anyone deciding that on purpose — a quarterly re-plot catches the drift while it's still cheap to correct.

What's the biggest reason transformational initiatives lose funding battles?

They're evaluated on the same criteria and timeline as core initiatives, where certainty and speed of payback always look better on paper than a genuinely new, uncertain bet — even when the transformational initiative has far higher long-term value. Separating evaluation criteria and, ideally, funding pools by horizon is the direct fix.

Should every business unit run its own version of this portfolio process?

Yes, but roll the results up into one company-level Ambition Matrix — a business unit-only view can look balanced locally while the company-wide portfolio is still skewed to core, because most business units are structurally biased toward Horizon 1 work by design.

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