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## Millions of Cats: A Fable of Clutter and Upside

David Matheson, SmartOrg

In the beloved classic children's book [Millions of Cats](#) by Wanda Gag, an old man and an old woman decide to get a cat to be their companion. The Old Man sets out to find a pretty cat, and he comes across a valley full of...

"... hundreds of cats, thousands of cats, millions and billions and trillions of cats."

The Old Man thinks his problem is solved, but each time he picks out a cat, he sees a prettier and more charming cat that he can't bear to leave behind. Soon, he has chosen all of the cats to come home with him.

Along the way, the cats become hungry. He tells them to each take a mouthful of grass from the hillside, and soon the hill is bare dirt. When they then say they're thirsty, he tells them to each take a sip of water from a lake, and soon the lake is dry.

He reaches home, and the Old Woman is not pleased. "But we can never feed them all," she points out. So the Old Man tells the cats to choose the prettiest among them all – and predictably, they set to fighting. Soon they've battled each other to the death, all except a small, scrawny kitten. Since he's the only one left, the Old Man and the Old Woman must make do with him.

And a strange thing happens. Because they lavish all their attention on this one kitten, he soon grows plump and pretty.

And the Old Man and Old Woman, contented with their new pet, congratulate themselves on choosing the prettiest cat of all.

Whether you've ever read *Millions of Cats* (or had it read to you as a child), you may recognize the story from your experience in innovation portfolio management and new product development.

When ideas for new products and innovations are first proposed, they seem so pretty and promising that their champions insist that they must be added to the project portfolio. This often seems like a good policy

on first glance, because everyone wants to give every idea a chance to prove out.

However, this leads to a portfolio [cluttered](#) with lots of projects, often with no clear way to compare their worth. Each project needs care, attention and feeding, and with so many, there's no way to ensure that they all get enough resources to reach their full potential.



*When you have to make a choice and don't make it, that is in itself a choice.*

— William James



So, quarterly or annually, management institutes a process to thin out the numbers of the projects in the portfolio. But if management doesn't have a way to make credible and comparable evaluations of the projects, the thinning-out process may devolve into a political beauty contest or an all-out brawl to claim scarce development resources. And the projects that survive the process may not in fact be the ones that had the greatest upside potential.

In fact, a project with huge **upside potential** may be nearly unrecognizable as such. Perhaps it has been starved of attention, resources, or vision, and so it looks small and scraggly. By taking a closer look to see what its upside potential really is, you may find that it has every chance of growing into a pretty, plump and profitable business if it gets the care and feeding it needs.

The key to having enough attention and food to give to your best projects—the ones with the best chances of growing into their upside—is to stop squandering attention and food on projects that will never make a big contribution to your business, not even if they reach their greatest potential. This requires you to have and use a tool for making credible and comparable evaluations of all of your projects. You can then identify which projects have strong upside potential and which ones will not significantly move the needle, even if they are completely successful.

And it requires that you act on those evaluations. You must decide what to do with your weakest projects. Do you abandon them outright and redirect the resources they were consuming to your more promising projects? Or do you look for hidden sources of significant upside within weaker projects and, if and when you find them, figure out ways to refocus or pivot those projects to strive for that upside?

Again, your best projects are often hard to recognize. It's easy to choose to fund and back projects that will clearly succeed and generate high growth. It's almost as easy to choose to kill off difficult projects that, even if successful, will never contribute much to the company's growth and profitability.

What's hard is deciding to back a project with uncertain prospects of success but that, if successful, will make a big contribution to the company's continued success. It's even harder to create a **learning plan** that guides you to finding out early on whether the project is viable and whether the perceived sources of upside are real. That

learning plan will keep your focus on validating that upside, capturing it if it proves real and, if it isn't real, pivoting quickly to better uses of your resources.

Having the right tools and using them properly lets you distinguish clutter from value in your portfolio, and lets you realize that value through learning plans that bring hidden upside out into the open. You'll be left with the prettiest, plumppest opportunities in your portfolio.



## Meet Us at Upcoming Events

### DAAG 2019: Data + Decisions

David Matheson, SmartOrg President and CEO, leads a workshop March 6 at 1 PM on [Using Decision Analysis to drive Lean Innovation](#), and is a moderator for DAAG's [Hi-Tech Panel: Making Innovation Management Predictable](#) at 11 AM, March 8.

March 5-8 2019 | Denver CO | [More information](#)

### New Product Innovation and Development

Join SmartOrg at New Product Innovation and Development: A Frost & Sullivan Executive MindXchange, at the Hyatt Regency La Jolla.

Use the code **smart250** to save \$250 on conference registration.

March 25-28 2019 | LaJolla CA | [More information](#)

## Connect With Us



**SMARTORG**<sup>®</sup>

99 Almaden Boulevard, Suite 975  
San Jose, CA 95113

T: +1.650.470.0120 | F: +1.650.328.1612  
info@smartorg.com | www.smartorg.com

SmartOrg's portfolio evaluation platform builds your capability to align innovation and finance to agree on where and how much to invest to drive breakthrough growth. Our web platform administers and conducts the evaluation of uncertain opportunities, aggregates and compares them, and optimizes the portfolio.

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