Spotlight
by CeFEO

Is your business using the right innovation approach for its stage of life?

How managers orchestrate resources for innovation differs sharply between growth and maturity stages

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What drives innovation in a young, fast-growing company is not what works for an established, mature one. This seems obvious in principle, but most innovation advice treats the question as stage-independent—as if the same resource strategies apply regardless of where a firm stands in its development. This study challenges that assumption by combining resource orchestration theory with contingency theory to show how top managers at different life-cycle stages emphasize different resource actions to produce innovation.

WHAT WE STUDIED

The researchers used a **policy capturing method** with **189 senior managers from U.S. and Italian companies**. Each manager evaluated 30 hypothetical scenarios in which resource actions varied: acquiring new resources, accumulating them internally, divesting underperforming ones, stabilizing existing capabilities, enriching them through recombination, and pioneering entirely new capabilities. The method isolates how much weight managers place on each action for innovation, conditional on whether they are leading a growth-stage or maturity-stage firm.

KEY INSIGHTS

Growth-stage firms build and pioneer

Managers in growth-stage firms placed the greatest weight on acquiring and accumulating resources—securing partnerships, building internal capabilities, and investing in market knowledge. These firms lack the infrastructure and legitimacy of older organizations, making resource-building essential. They also emphasized enriching and pioneering capabilities: creating new ways of operating, seizing market gaps, and experimenting freely. Growth-stage innovation is expansive and exploratory, driven by the need to establish a position before competitors close the window.

Mature firms stabilize and refine

For managers in mature firms, the emphasis shifted toward stabilizing current capabilities and making incremental improvements. These firms benefit from established structures, customer relationships, and operational routines. The risk is rigidity—becoming so committed to existing processes that adaptation stalls. Continuous small improvements allow mature firms to remain competitive without disrupting the core. One unexpected finding: contrary to the hypothesis, mature-stage managers did not prioritize divesting underperforming resources to fuel innovation. This suggests either a cultural resistance to letting go or an underappreciation of divestment as a strategic tool.

Divestment is underused at every stage

Across both growth and maturity stages, shedding underperforming resources was found to be beneficial for innovation but was consistently underemphasized by managers. The implication is that firms leave innovation capacity on the table by holding onto assets, divisions, or practices that no longer contribute. Letting go is a resource strategy too—and potentially the one with the highest untapped potential.

TAKEAWAYS

Match innovation strategy to life-cycle stage

Growth firms should invest in resource acquisition, experimentation, and capability pioneering. Mature firms should focus on stabilizing and enriching what they already have while staying alert to the need for selective divestment. Importing the wrong playbook—applying mature-firm discipline to a growth venture, or growth-firm experimentation to a stable enterprise—creates misalignment that suppresses innovation rather than enabling it.

Rethink divestment as an innovation lever

Shedding underperforming units, outdated product lines, or legacy processes is not a sign of failure. It frees resources—financial, managerial, and attentional—that can be redirected toward innovation. Firms at all stages should periodically evaluate what they are holding onto and whether it still earns its place in the portfolio.

IMPACT

This study provides empirical evidence for what many practitioners sense intuitively: innovation strategy cannot be one-size-fits-all. The contribution of resource orchestration theory is to specify exactly how the emphasis should shift—from acquiring and pioneering in growth stages to stabilizing and enriching in maturity. For firms that span multiple generations or manage portfolios of businesses at different stages, the framework offers a diagnostic tool for aligning resource actions with strategic context.

RECOMMENDATIONS

1. **Diagnose your firm's life-cycle stage honestly.** Growth and maturity demand different innovation toolkits. Misdiagnosis leads to misallocation.
2. **Develop resource orchestration capabilities.** Train leadership teams to think explicitly about acquiring, bundling, enriching, and divesting resources as distinct strategic actions.
3. **Schedule periodic divestment reviews.** Make it routine to ask what should be shed, not just what should be added. Innovation often requires subtraction.

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