

# CoCreation

## Client Workshop

Summer 2008

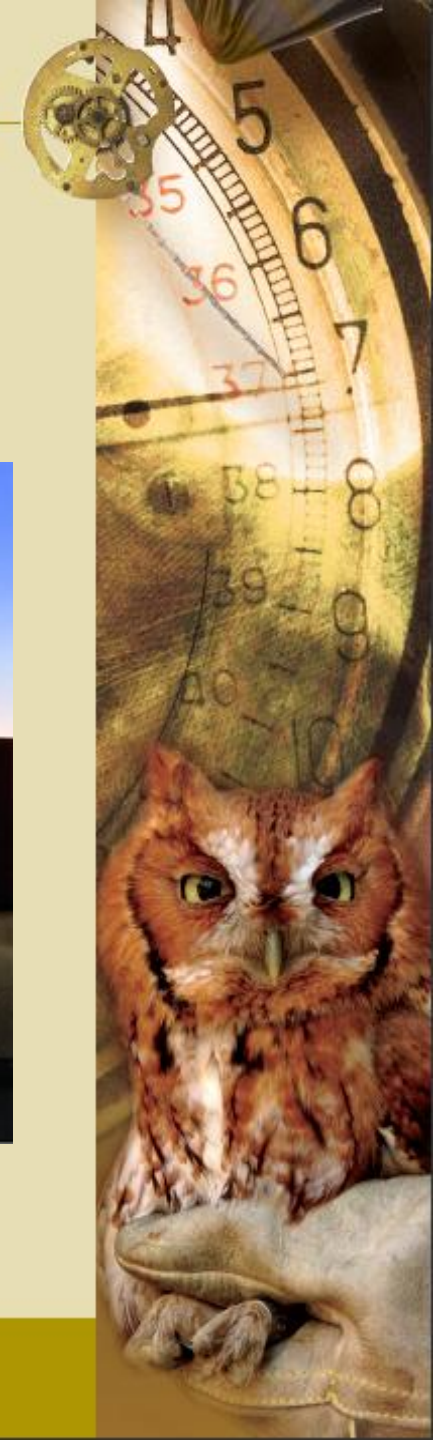
Gerard Ekhart

Andy Osborne

Mark van Lieverloo



# Opening



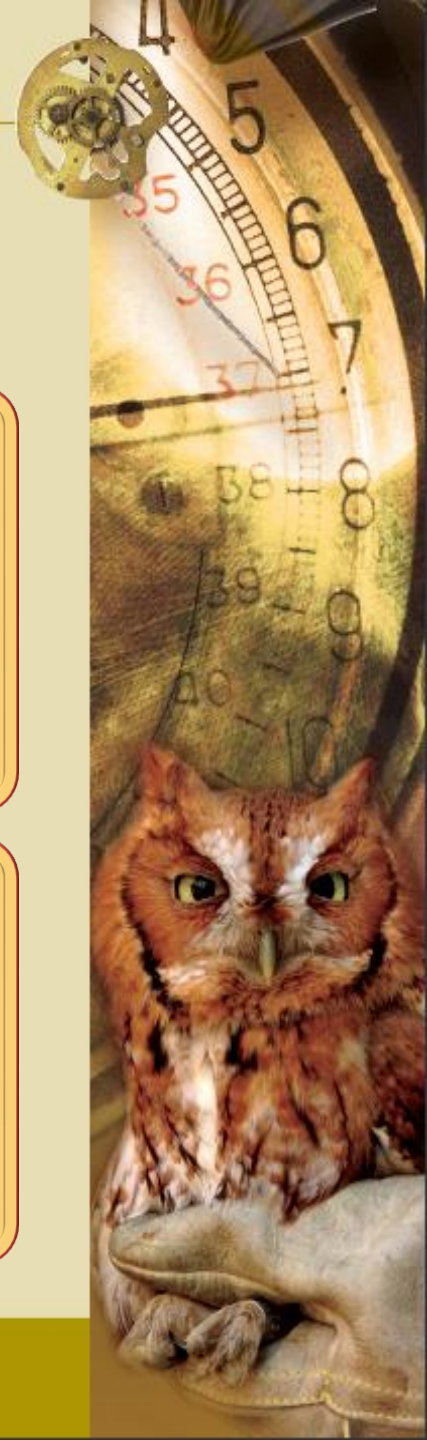
# Your spoken and unspoken needs

**Keep  
it  
practical**

**Learn  
from  
others**

**Best  
practice  
partnering**

**Understand  
the impact  
it will have  
on us**



# THE CoCREATION PARTNER CHALLENGE



**QUALITY  
INGREDIENTS  
AND  
A ROBUST  
RECIPE**

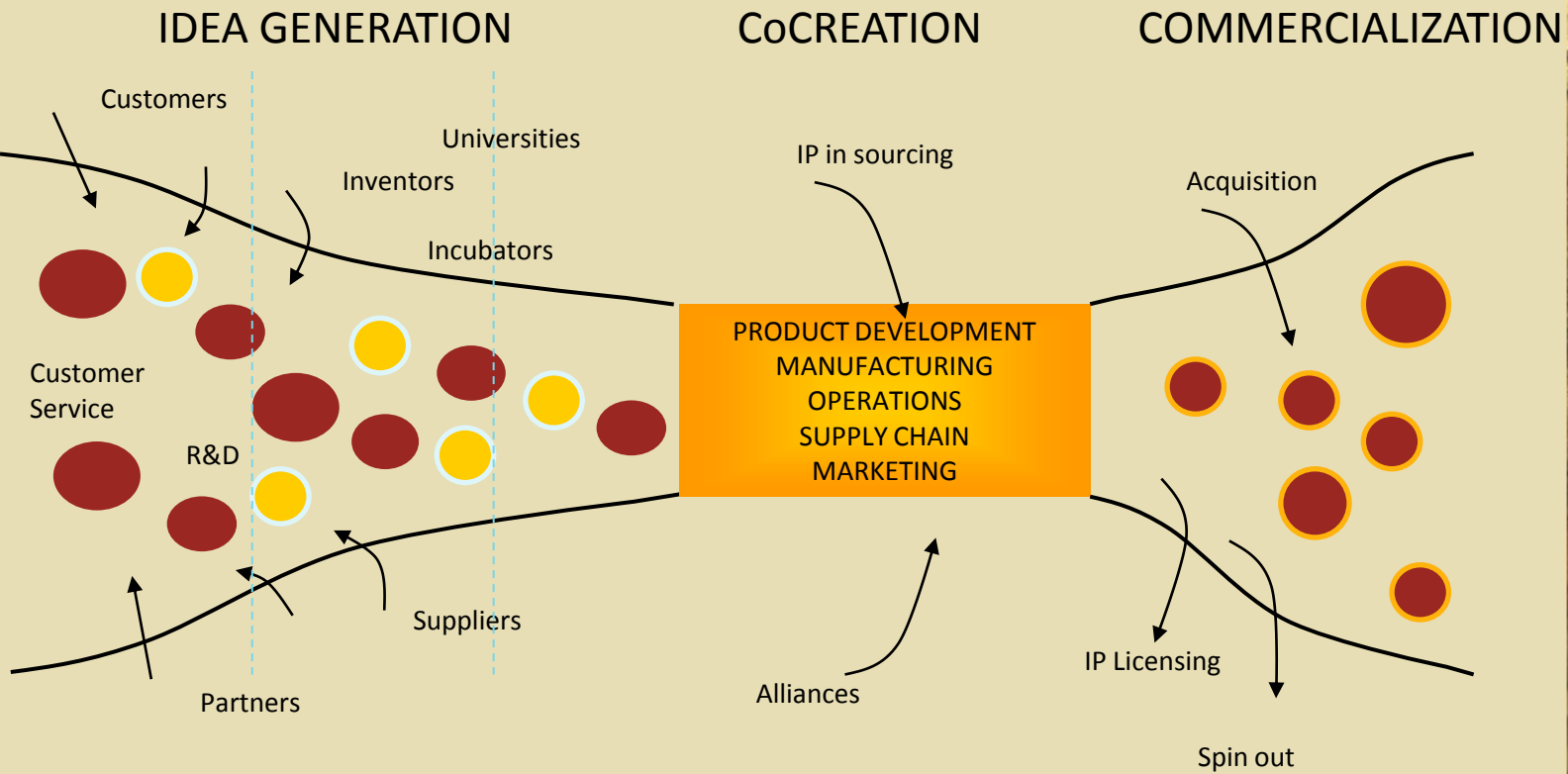


# CoCreation

Point of View

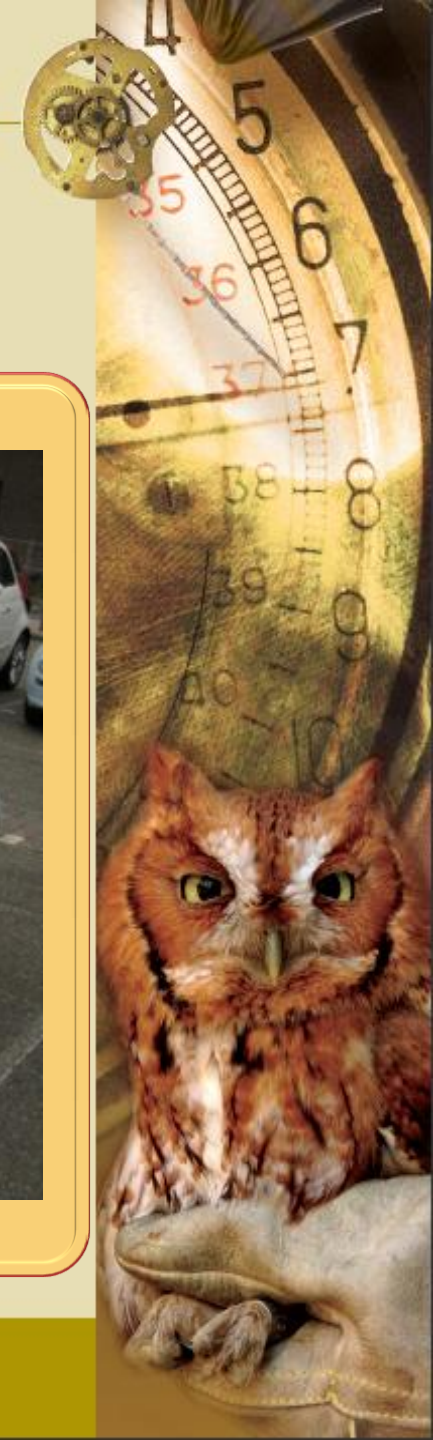


# The CoCreation Process



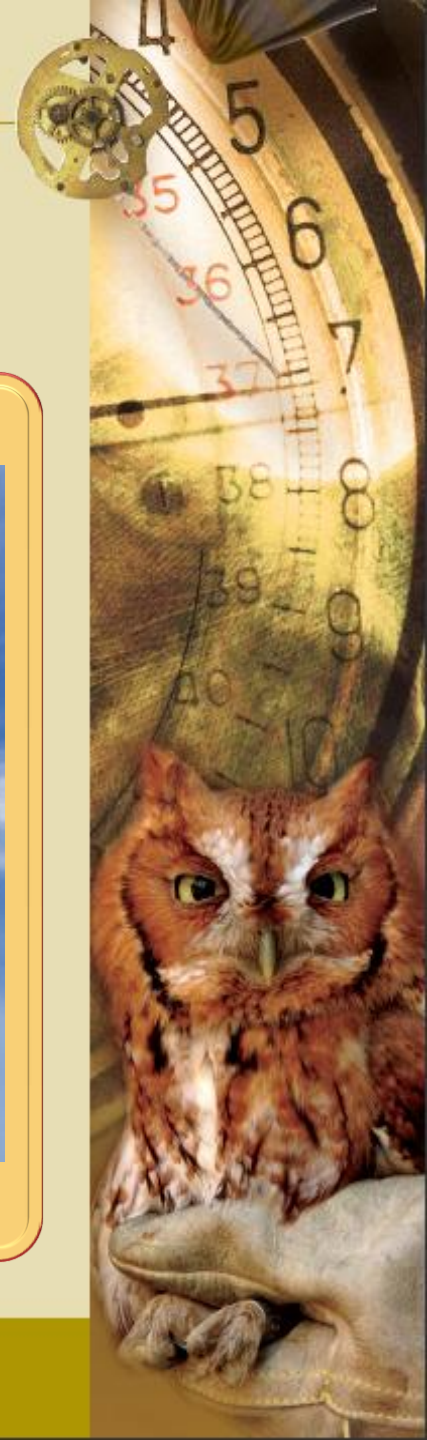
# What's happening in Partner CoCreation?

PRODUCT  
LIFE  
CYCLE  
SOURCING



# What's happening in Partner CoCreation?

**INTELLECTUAL  
PROPERTY  
AT  
SUPPLIERS**

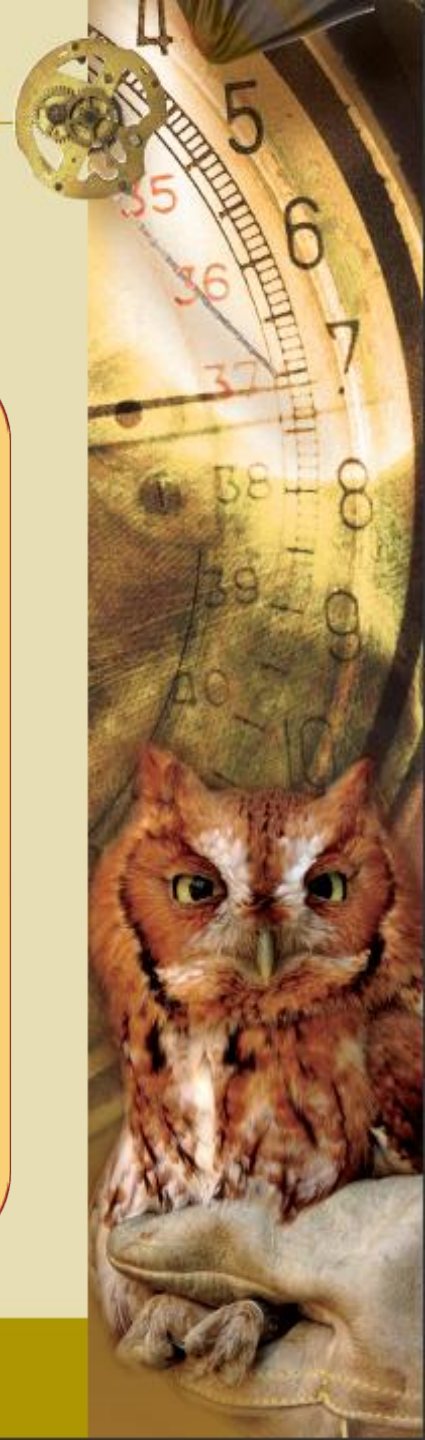


# What's happening in Partner CoCreation?

**SUPPLIERS  
AND PARTNERS  
ARE  
THE PRODUCT  
AND SERVICE**



**WIKIPEDIA**  
*The Free Encyclopedia*



# Why is Partner CoCreation needed?

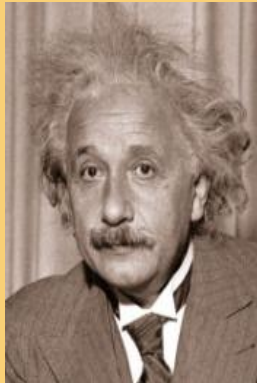
**SPEED**



**QUALITY**



**RESOURCES**



**COST**

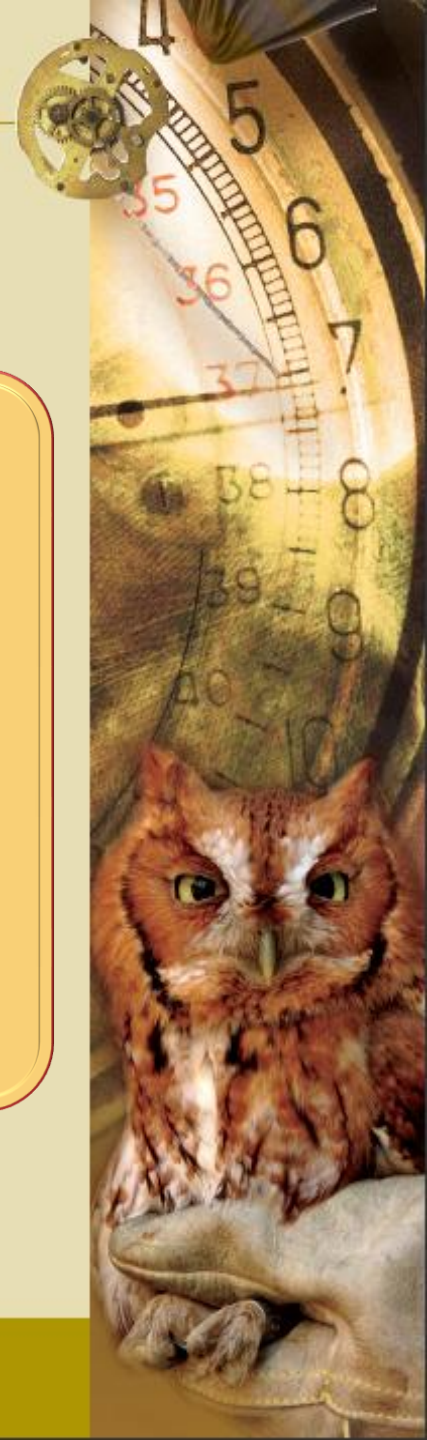


# What's next?

**MORE SPEED & QUALITY**

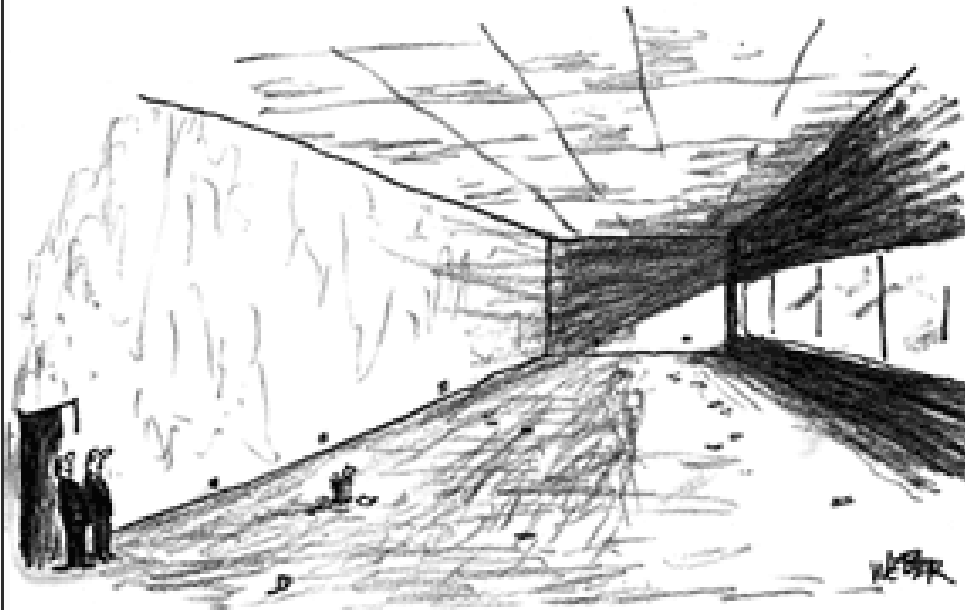


**LESS RESOURCES & FUNDING**



# Or ....Outsource Innovation?

© Cartoonbank.com



*“Well, that does it Charlie—we’ve outsourced everything.”*



**QUALITY  
INGREDIENTS  
AND  
A ROBUST  
RECIPE**



# Reflection

## Your Assignment:

1. Take a few minutes to reflect on what you have heard
2. Using post-its
  - YELLOW ones for WHATs NEW
  - PINK ones for WHAT's NOT
3. Share and discuss

REFLECTION

WHAT'S NEW

WHAT'S NOT

PLENARY DISCUSSION



# CoCREATION LAWS

**LAWS  
FOR  
INNOVATION  
PROGRAMS**



# CoCREATION LAW # 1

**VOICE  
OF  
THE  
CUSTOMER'S  
CUSTOMER**



# Voice of the Customer

Listening  
to your  
Customers  
Needs

Customer Centric Idea generation

Regular design review with customers and partners

'Supplier meets Customer' events

Involve customer in the supplier selection process

Let your customers validate your and your partners project deliverables and timelines



## CoCREATION LAW # 2

**ESTABLISH  
STRATEGIC  
FIT**



# Establish Strategic Fit

There needs  
to be benefit  
for all parties  
involved

Know exactly what YOU want and expect

Think and act global, win - win, kimono open

Continuously ask 'are you coming to solve my problem or are you one of them'

Meet the owners / shareholders of your critical partners

Can your partner / supplier make money with what you want from him?



# CoCREATION LAW # 3

**UPFRONT  
PARTNER  
INVOLVE-  
MENT**



# Upfront Partner Involvement

You cannot afford to not involve your suppliers from the moment you start the innovation process

Let your supplier be part of your design & specification process

Let your partner come up with prototype and production cost targets

Agree on project preconditions for success re. time, quality, cost and people

Let your supplier define the specification within an agreed template

Let your supplier make the design and the drawings within your Engineering platform



# CoCREATION LAW # 4

**ROBUST  
PROGRAM  
MANAGEMENT**



# Robust Program Management

The key to success is in the execution of structure

Active top level sponsorship

Clear escalation path

Accelerated decision making

Manage & deliver according to plan

Focused teams



# Robust Program Management

Strategic Ambition translated into Program Objectives

PROGRAMME  
ORGANISATION

PROJECT  
MANAGEMENT

RISK MITIGATION

QUALITY  
MANAGEMENT

VALUE  
METHODOLOGY

**IMENGO PROGRAM MANAGEMENT**

STEERING  
COMMITTEE  
& EMT

PROGRESS  
REPORTING  
& COST  
MANAGEMENT

ISSUE RESOLUTION  
&  
ESCALATION

KNOWLEDGE  
MANAGEMENT

VALUE  
TRACKING



# CoCREATION LAW # 5

24 / 7

COMMUNICATION



# 24/7 Communication

Willing  
and  
able  
to make it  
happen

The basis of any good relationship is good communication

Organize state of the art communication mechanisms and tools

- Blackberries, Mobile internet , toll free no's
- Co-location of the team
- Daily / weekly update and review events
- Shared document folders, shared drives

Fixed ingredients of partner comms are: KPI's and potential risks / obstacles

Let your supplier organize the communication events (big time saver)



**QUALITY  
INGREDIENTS  
AND  
A ROBUST  
RECIPE**



# Your recipe for success

## Your Assignment:

1. CEO has asked you what you need to run this project based on what you have learned today
2. Divide into two cross-functional groups
3. You have 30 minutes to prepare your recipe for success for the CEO
4. Then share your recipe with the other group (CEO)
5. Then discuss the recipe and agree on best ingredients and steps

## INGREDIENTS FOR SUCCESS

What ingredients do you need to make CoCreation a success?

### RECIPE FOR SUCCESS

What are your immediate next steps to make this happen?

### SHARE RECIPES & PLENARY DISCUSSION



# Innovation lessons from Pixar

An interview with Oscar-winning Director Brad Bird

## TEAM DYNAMICS

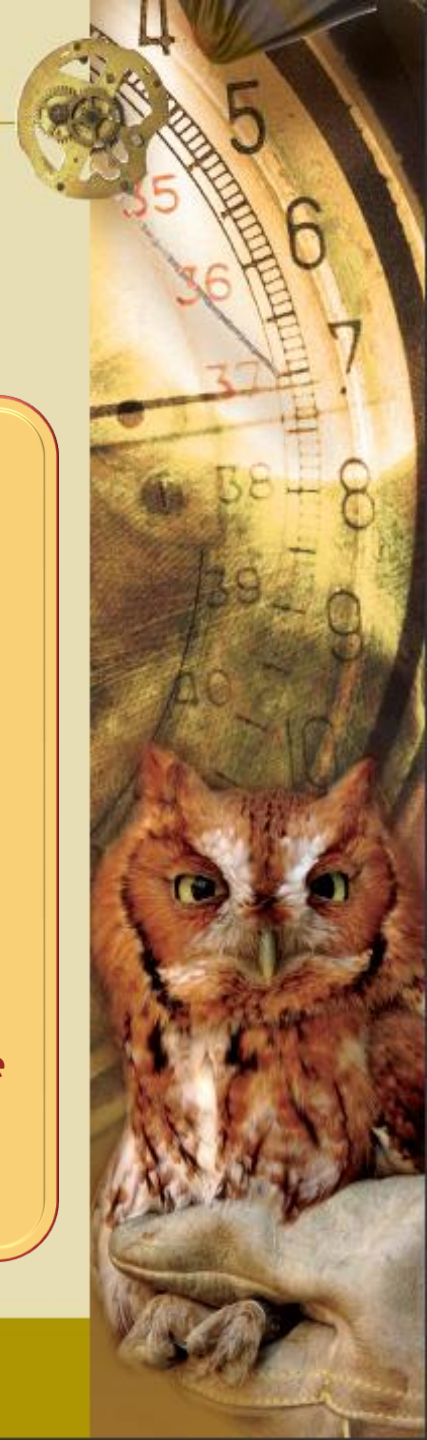
Making a film, you have all these different departments, and what you're trying to do is find a way to get them to put forth their creativity in a harmonious way.

Otherwise, it's like you have an orchestra where everybody's playing their own music. Each individual piece might be beautiful, but together they're crazy.

## MORALE

In my experience, the thing that has the most significant impact on a movie's budget—but never shows up in a budget—is morale.

If you have low morale, for every \$1 you spend, you get about 25 cents of value. If you have high morale, for every \$1 you spend, you get about \$3 of value. Companies should pay much more attention to morale.



# Innovation lessons from Pixar

An interview with Oscar-winning Director Brad Bird

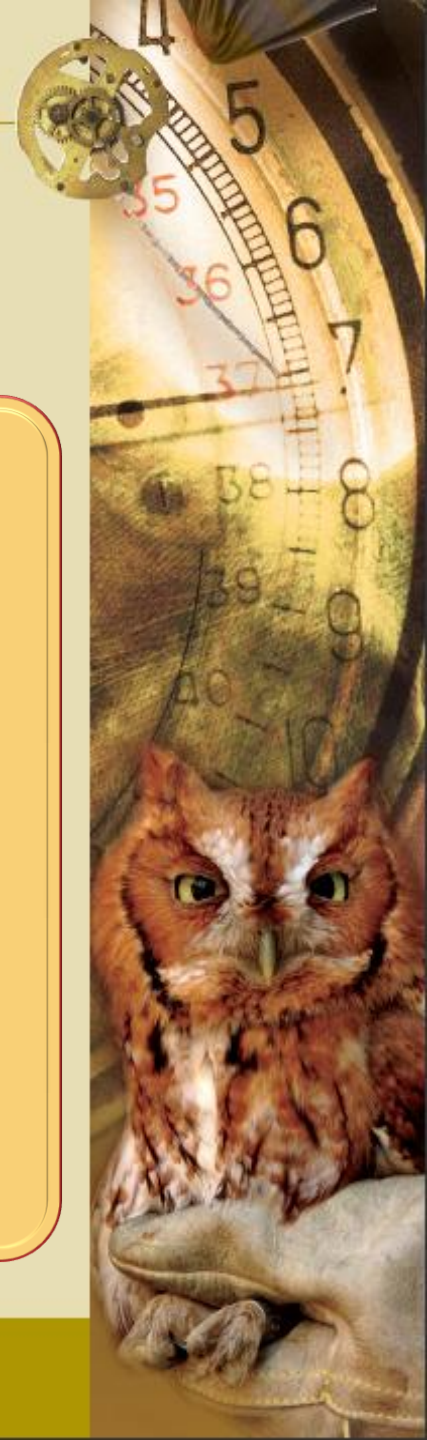
## UNDERMINING INNOVATION

Passive-aggressive people—people who don't show their colours in the group but then get behind the scenes and peck away—are poisonous.

## WHAT DRIVES INNOVATION SUCCESS

Speaking personally, I want my films to make money, but money is just fuel for the rocket.

What I really want to do is to go somewhere. I don't want to just collect more fuel.



**THANK YOU  
FOR  
YOUR TIME  
&  
YOUR ENERGY**



# CoCreation

## Examples



# Innovation examples

## Apple's iPod



### Situation

- In the 90's there was growing popularity for broadband connectivity and portable audio devices for the storage and sharing of music files.
- Several manufacturers launched flash memory based portable audio devices of the MP3 digital standard which could only hold 8-10 digital music files.
- Apple noticed that there was no well established market for music players.

### Challenge

- The limited storage capacity of available portable audio devices. The only alternative for flash memory was a traditional hard disk but these were considered impractical; hard drives are much larger, heavier, more power intensive and sensitive to movement.

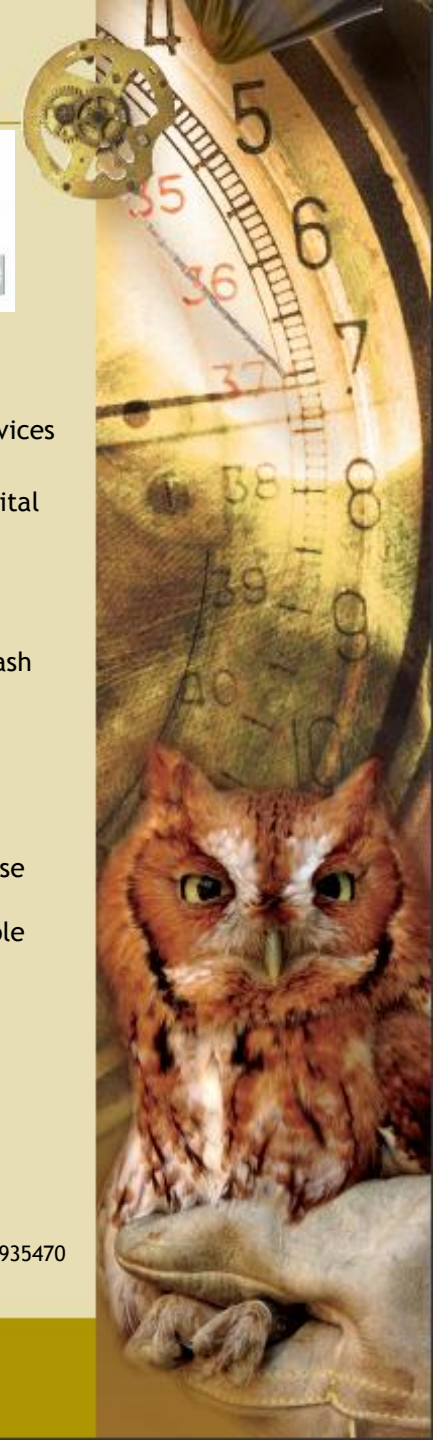
### Innovation

- Apple had, in partnership with Toshiba, developed the industry's thinnest hard drives for use in one-inch thick laptop computers. These hard drives were small, light and resistant to motion shock. Reusing these hard drives for the iPod broke an innovation barrier for portable audio devices.

### Benefits

- To date Apple has sold over 10 million iPods earning revenues of nearly \$3 billion.
- iPod now owns the hard drive mp3 player market with 90% market share and 65% overall.
- Music related revenue accounts for 17% of company earnings, which has helped push Apple's stock price up from \$18 to over \$90 per share.

Sources: Competitive strategy in the new economy, A. James Cipriani. <http://ezinearticles.com/?Who-Invented-The-Ipod?-The-Complete-Story&id=935470>



# Innovation examples

## Philips Microminiature Light Source Technology



### Situation

- Between the late 1970s and the early 1990s, miniaturization emerged as one of the most significant design trends for consumer and military products.
- The market for miniaturization processes was largely dominated by Japanese companies.
- Philips Laboratories proposed to develop ultra-miniature light sources that were less than 1 mm in diameter, which would be significantly smaller than the Japanese produced 5-inch lights.

### Challenge

- To develop techniques to produce microminiaturized, high-pressure discharge lamps using etched cavities in quartz or sapphire wafers for lighting and display applications.

### Innovation

- The research project examined electrode less microlamps and microlamps with traditional and thickfilm electrodes. Tungsten thick-film electroded microlamps showed the most progress, and Philips Laboratories developed a large body of research on this technology.

### Benefits

- Because manufacturing costs remained too high, commercialization of this breakthrough technology has not been initiated.
- Total costs exceed \$5 mio

Sources: A Novel Microminiature Light Source Technology, Philips Laboratories



# Innovation examples

## Procter&Gamble



### Situation

- In 2000, it became clear to P&G that the invent-it-yourself model was not capable of sustaining high levels of top-line growth
- R&D productivity had leveled off, and innovation success rate—the percentage of new products that met financial objectives—had stagnated at about 35 percent.
- Squeezed by nimble competitors, flattening sales, lackluster new launches, P&G lost more than half its market cap when stock slid from \$118 to \$52 a share
- As P&G studied outside sources of innovation, they estimated that for every P&G researcher there were 200 scientists or engineers elsewhere in the world who were just as good—a total of perhaps 1.5 million people whose talents we could potentially use

### Challenge

- Acquired innovations from external connections because these could produce highly profitable innovations
- P&G needed to move the company's attitude from resistance to innovations "not invented here" to enthusiasm for those "proudly found elsewhere." .

### Innovation

- With a clear sense of consumers' needs, P&G could identify promising ideas throughout the world and apply our own R&D, manufacturing, marketing, and purchasing capabilities to them to create better and cheaper products, faster.

### Benefits

- 45 % of the initiatives in our product development portfolio have key elements that were discovered externally.
- R&D productivity has increased by nearly 60 percent.
- The innovation success rate has more than doubled, while the cost of innovation has fallen.
- R&D investment as a percentage of sales is down from 4.8 percent in 2000 to 3.4 percent in 2006.
- P&G has doubled its share price and has a portfolio of twenty-two billion-dollar brands.

Sources: Harvard Business Review 2006

