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Open Innovation's Champs and Also-Rans

Collaboration can pay off, as Procter & Gamble shows, but only if companies jump in with both feet

By [Stefan Lindegaard](#)

[Open innovation](#) is a hot topic at almost every company that is serious about [innovation](#). Why? Because the idea of combining internal and external resources to increase innovation productivity and prowess is just too good a value proposition to miss out on.

Nevertheless, I believe that only about 10% of all companies are adept enough at open innovation to get significant benefits. Another 30% have seen the light and are scrambling to make open innovation work and provide results that are worth the bother. I call them contenders. The other 60% are pretenders—companies that don't really know what open innovation is and why or how it could be relevant for them. Some might figure out how to follow the leaders one day, but today they're mostly going through the motions.

When it comes to open innovation, Procter & Gamble ([PG](#)) is the undisputed champ. Its efforts began in 2000 with what a Web site called [Connect & Develop](#). It's a two-way street, accessing externally developed [intellectual property](#) in its own markets while sharing its internally developed assets and knowhow with others.

Pictures on Pringles

Connect & Develop is about much more than just technology transfer. It encompasses everything from trademarks to packaging, marketing models to engineering, and business services to design. This approach has already resulted in more than 1,000 active agreements with external partners.

Here's an example of open innovation at work. P&G had an idea to print words or images on Pringle chips. It then went outside the company for technology to make this happen. P&G found a small bakery in Bologna, Italy, run by a professor who had invented an ink-jet technique to print pictures on pastries. Within a year, these customized Pringles were on the market, a launch that was much faster than usual and that cost a fraction of doing it in-house.

What makes P&G a champ in my view is that management no longer views open innovation as something new, unique, and different. It is just the way the company innovates. Not many others have reached this level of confidence.

Intuit ([INTU](#)) and General Mills ([GIS](#)) seem to be champs in the making. The reason I like Intuit is its [Entrepreneur Day](#), held for the first time in October for 40 selected startups. Although I have not yet heard of specific outcomes on this initiative, it's a great display of setting clear goals, establishing a filter process, and showing strong commitment to creating new partnerships. All are important aspects for open innovation.

Smooth Linkage

At a first glance, the portal for General Mills [Worldwide Innovation Network](#) (G-WIN) might be mistaken for the other open innovation portals that are popping up right now, where hosts seek new business-boosting ideas and technologies. But based on an interview with Jeff Bellairs, who directs G-WIN, I picked up on some sharp thinking behind the scenes.

General Mills is making the linkage between outside and inside resources as smooth as possible. One of its tools for this is an "external speed team," a cross-functional group that meets biweekly to discuss projects, share insights, and make sure the external partners are talking with the right people. In addition, General Mills recently launched an innovation entrepreneur program. These individuals have a number of responsibilities, including ensuring that outside ideas make their way into the company's innovation pipeline.

These efforts by General Mills are highly relevant because they position the company to become a preferred partner, which means getting the first peek at new technologies and ideas and, in turn, a competitive edge.

Then there's Campbell Soup ([CPB](#)). The company jumped on open innovation through its [Ideas for Innovation](#) portal earlier this year. Unfortunately, this is more like a gimmick than a serious attempt to engage customers and business partners. While I'm singling Campbell out, the truth is that many other companies are just as clueless. Here are my specific problems with Campbell:

- Its intentions are too vague and unfocused. Campbell declares that it wants "ideas for new products, packaging, marketing, and production technologies that will help us meet the needs of our consumers and customers better, faster, and more completely." Gee, that could be almost anything, couldn't it?
- The company should be turning us on, not away. Campbell says it will take three to six months to respond to a suggestion, and if it turns down your idea, you won't receive any explanation. Why not try to make it more inviting?
- The whole thing reads like an ego trip. The Campbell Web site talks only about why open innovation is good for Campbell. If the company wants help, it should at least mention how collaboration can benefit its would-be partners.

In an e-mail, a Campbell spokesman told me that the company considered the site to be only an initial step. He added that management was pleased by receiving nearly 5,000 submissions, but acknowledged that the effort was not perfect and Campbell is working on future enhancements of the site.

To become a champ and not a pretender, here are issues that you need to deal with early in the process.

First of all, you need to ask the why question. Many people believe open innovation is the Holy Grail and race out without asking why it's relevant. Open innovation works only if it aligns with the overall corporate strategy. Many companies mess up here. They simply do not have an innovation strategy.

The next step is defining what open innovation is. Innovation, and even more so open innovation, can be defined in many different ways. Companies need to know what they're after, as Procter & Gamble and General Mills have done.

Before moving on to implementation, you must remember your people. A paradigm shift like this requires that employees change their mindset and obtain new skills. The key things here are the ability to view innovation in more holistic terms and to become better networkers.

Open innovation is by no means easy. But as I said at the start, the value proposition is just too good to miss out on.

[Stefan Lindegaard](#) is a Copenhagen-based speaker, network facilitator, and adviser on open innovation and intrapreneurship. His book, *The Open Innovation Revolution*, will be published in May, 2010.