Open Innovation: The Importance of Culture

Berkeley Innovation Forum

Tom Balsano
October, 2007
Key Take-Away Messages

- Consider Open Innovation broadly – are you effectively tapping into your *internal network* of innovators?
  - Provide scalable tools & processes to fully engage your smart people!

- **Culture** is a critical enabler and success factor for Open Innovation.
  - Beware of *we must invent everything ourselves* or *not invented here*.

- **Culture** is extremely difficult to influence – but most employees will help if properly engaged.
  - Change behaviors as a means to drive culture change.
Topics for Today

- Open Innovation “Capacity”
- Influencing Organizational Culture
- Brief Introduction to Solvay
- Open Innovation at Solvay AP
- Creating an Innovation Infrastructure
- Learnings & Messages
Open Innovation “Capacity”
3 keys to realizing and sustaining maximum capacity

Organizational culture is the **personality** of an organization.

- The **shared values**, norms, attitudes, traditions, etc. that people in an organization firmly believe in.‡
- The **behaviors** of people toward each other and toward those outside the organization – driven by the shared values.

Culture determines how things get done...“what it’s like to work here.”

- Written rules (**policies**) & unwritten rules (**rituals, styles, language,**…)
- Very often the unwritten rules outnumber the written ones!

---

**Culture is hard to describe in words...**

**“You know it when you sense it”**

‡ Merriam-Webster's Collegiate Dictionary, 11th ed.
Organizational Culture

Examples…What’s it like to work at these places?

Organizational Culture

Examples…What’s it like to work at these places?
Organizational Culture
*A diversity of cultures – one size does not fit all!*

Logos of various companies and institutions are displayed on the page.
“Culture is one of the key factors that determines how successful the organization will be…”‡

Culture must be aligned with the organization’s strategy, goals, vision, business model for long-term success.

Culture is a critical enabler and success factor for Open Innovation.

If the organization believes that “we must invent everything ourselves,” Open Innovation will not be successful.

Open Innovation requires a culture where collaboration, knowledge sharing, co-development, etc. are highly valued.

If this environment/attitude does not exist within the organization, how easy will it be to collaborate with external partners?

Influencing Organizational Culture

What can we do?

- The bad news…shifting an organization’s culture is extremely difficult.
- The good news…most members will help if properly engaged.
- Target the components most critical for implementing & sustaining the changes you seek, e.g.:‡
  - Rules & policies
  - Goals & measurements
  - Customs & norms
  - Ceremonies & events
  - Management behaviors
  - Rewards & recognition
  - Communications
  - Physical environment
  - Organizational structure

‡ T. Galpin, “Connecting Culture to Organizational Change,” Human Resources magazine, 1996.
Solvay SA – Long Tradition of Scientific Innovation

- Founded in 1863 by Ernest Solvay
- Breakthrough process for soda ash
- >11 bn$ sales, >30,000 employees (2006)
- Specialty Plastics & Pharma ~65% of sales
Solvay Advanced Polymers
#1 in High Performance Polymers

- Broadest portfolio of high performance polymers.  
  - “More Plastics with More Performance”

- Global presence:
  - ~1200 employees in 16 countries; Global HQ outside Atlanta
  - Manufacturing sites in US, Europe, Asia
  - Sales & Marketing, Technical Service in all major regions

- Part of Solvay Group since 2001.

- Key to success: provide materials solutions to our customers
Importance of Innovation at Solvay

- Innovation is essential to long-term success of **Solvay Group**.
  - Group “Innovation Initiative” sponsored at highest levels of Solvay.
  - Network of “Innovation Champions” to engage all Solvay entities.
  - **Open Innovation** is a key theme in Group communications.

- Innovation is pervasive in **Solvay AP**’s Mission, Vision, & Strategy.
  - Key to meeting Growth goals and maintaining Distinctiveness.
  - **Open Innovation** is a key cultural component of R&D’s Vision.
  - **Solvay AP Innovation Team** formed in 2004 to develop processes and enabling tools to stimulate innovation **across entire business**.

“Open Innovation” getting a lot of airtime at Solvay…
How do we view it at Solvay Advanced Polymers?
Look everywhere for new ideas, technologies, and inspiration; use internal expertise & know-how to turn into business value.
Open Innovation – What are we doing?

- **Sponsoring Research** at Universities and Research Institutes.
  - Portfolio of projects at various institutions worldwide.

- Leveraging **InnoCentive** as a rich source of ideas.
  - ~10 Challenges posted since 2006, covering all Solvay AP product lines.

- Networking & sharing learnings with experienced practitioners from other companies in various industries.
  - Industrial Research Institute’s **External Technology Directors Network**.
  - **American Productivity & Quality Council** benchmarking studies.
  - **H. Chesbrough’s Berkeley Innovation Forum**.

- Establishing an internal “Innovation Infrastructure” to fully leverage our *internal* network of innovators for ideas.
  - see next slides…
Topics for Today

Creating an Innovation Infrastructure
Conducted “Value IQ” survey‡ to assess key organizational drivers for an innovative culture.

- Value IQ focuses on 9 aspects of innovative culture:
  - Meaningful Work, Agile Decision-making, Customer Orientation
  - Open Communication, Business Intelligence, Risk-Taking Culture
  - Learning Organization, Business Planning, Empowerment

- Value IQ results were instrumental in directing the Team’s efforts toward areas of biggest opportunity and impact.

Worked with thought & practice leaders to learn best practices; incorporated these into our own unique framework.

- Developed an innovative Innovation Infrastructure that we call…

‡ Developed by Industrial Research Institute’s Research on Research Committee, 2003.
It’s not a place...

A cultural transformation...

...it’s a state of mind!

Powered by people... everyone, everywhere

INNOVATION CAFE
From Creativity to Implementation
What does it involve?

- Innovation Challenges
- Idea Generation
- Idea Management
Creating an “Innovation Infrastructure”
Year 1 (2005)

Introduced the Innovation Café to Solvay AP globally

- **Communication**
  - Created unique, distinctive communications to engage & excite all employees.

- **Processes – Innovation Challenges**
  - Designed & implemented a process to focus innovation on strategic challenges facing the business (Industry Best Practice).
  - 22 Innovation Challenges held in diverse areas; new ideas generated each time, several projects implemented.

- **Processes & Tools – Idea Generation**
  - Trained 22 Facilitators with tools & framework to help innovators generate ideas.
  - Created the ThinkLoft in Alpharetta – unique environment for ideation sessions.

Culture Impact: awareness, excitement, participation

Tangible Results: several projects initiated based on new ideas.
Launched **Idea Management** business process & IT tool to manage ideas from creativity to implementation. *(April, 2006)*

- **35** Innovation Challenges conducted across the business last 18 months:
  - Challenges in Marketing, Manufacturing, HR, R&D, Supply Chain, QC, Finance, etc.
  - >40% of employees globally have contributed ideas & solutions, largely via **Idea Central™** IT enabler.
  - Frequently, good ideas submitted by people in “unexpected” places/functions.
  - >$1.75 million in total cost savings, increased production, process improvements, plus a myriad of useful and needed product offshoots.

- **Other Highlights**
  - Trained 2nd crop of Idea Generation Facilitators (total ~40 now).
  - **Innovation Café** named a finalist for 2006 **Solvay Innovation Trophy**.

**Cultural Impact:** Innovation Café becoming “embedded”

**Tangible Results:** many more results in response to Challenges.
Making the **Innovation Café** part of the culture is a multi-year effort. Looking ahead, we are working to…

- Continue to find creative ways to engage the organization and drive the Innovation Café cultural transformation.
- Increase participation from outside North America and Europe.
- Utilize tools and process as part of *Lean Product Development* process.
- etc…

Key elements of Innovation Café in place…
It’s up to all of us to drive the culture change.
Topics for Today

Learnings & Messages
What have we learned?  

...about Open Innovation

...Open Innovation is *essential* to fully leveraging your scarce resources.
  ...Look everywhere for ideas, technologies, inspiration; use internal expertise to turn into business value.

...Strong Leadership, Process, & Culture needed to maximize Open Innovation “capacity.”

...Consider Open Innovation broadly – don’t neglect your internal network of innovators!
  ...Provide scalable tools & processes to engage everyone, everywhere.
What have we learned?

...about the importance of Culture

...Culture is the *personality* of an organization.

...Culture is a critical success factor for Open Innovation.

...If members feel that “we must invent everything ourselves,” Open Innovation will not be successful.

...Culture is extremely difficult to influence – but most employees will help if properly engaged.

...Target the components critical to achieving the desired changes; change behaviors to drive culture change.
Key Take-Away Messages

- Consider Open Innovation broadly – are you effectively tapping into your *internal network* of innovators?
  - Provide scalable tools & processes to fully engage your smart people!

- **Culture** is a critical enabler and success factor for Open Innovation.
  - Beware of *we must invent everything ourselves* or *not invented here*.

- **Culture** is extremely difficult to influence – but most employees will help if properly engaged.
  - Change behaviors as a means to drive culture change.
Thank you for your attention!!