

Open Innovation: *The Importance of Culture*

**Berkeley
Innovation Forum**

Tom Balsano

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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

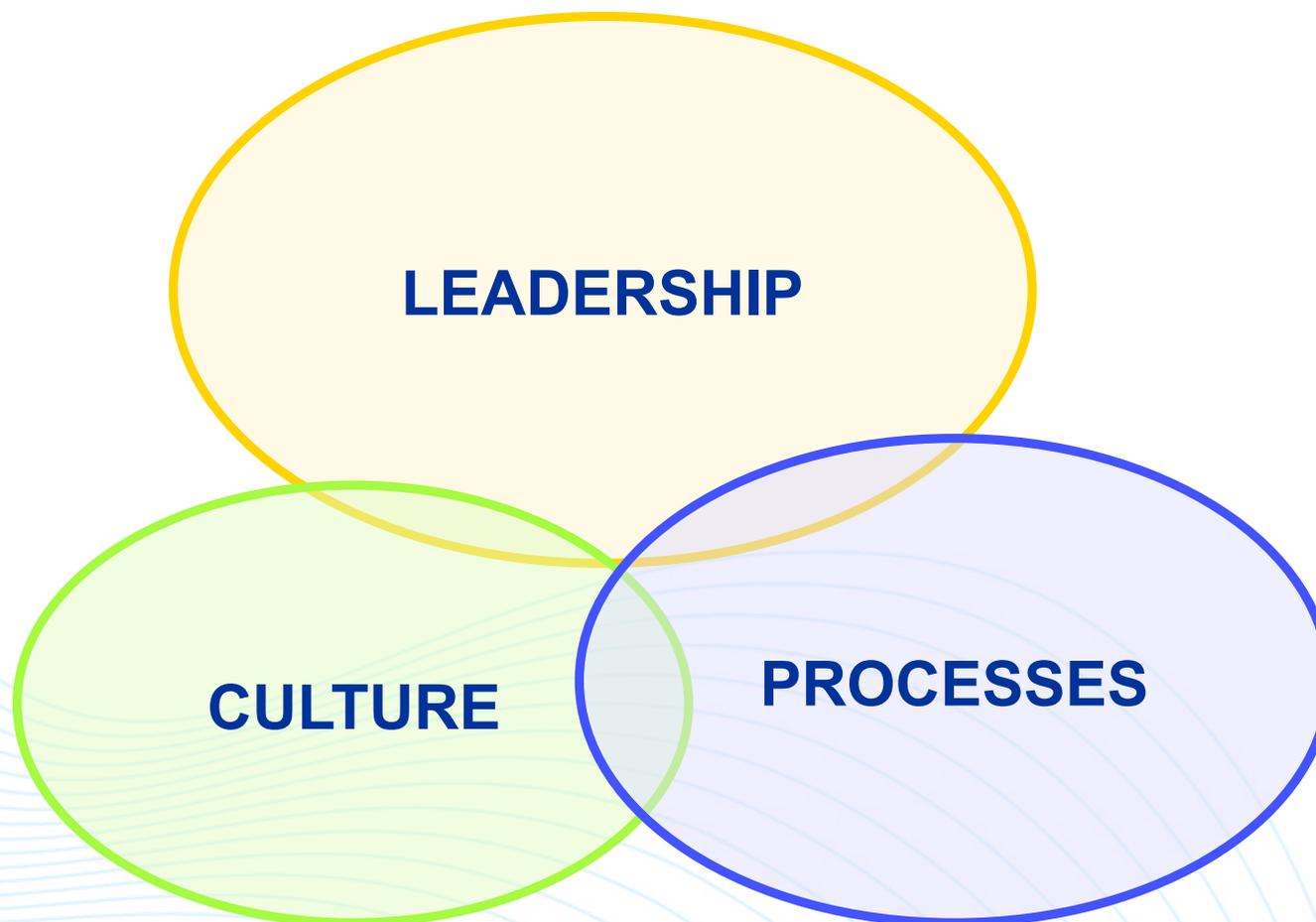


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Open Innovation “Capacity”

3 keys to realizing and sustaining maximum capacity



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Source: PriceWaterhouseCoopers study, 2000.



Organizational Culture

What is it?

- 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?



Corporate culture.

To the crazy ones.

Here's to the crazy ones.

The mads.

The rebels.

The troublemakers.

The round pegs in the square holes.

The ones who see things differently.

They're not fond of rules.

And they have no respect for the status quo.

You can praise them, disagree with them, quote them, disbelieve them, glorify or vilify them.

About the only thing you can't do is ignore them.

Because they change things.

They invent. They imagine. They heal.

They explore. They create. They inspire.

They push the human race forward.

Maybe they have to be crazy.

How else can you stare at an empty canvas and see a work of art?

Or sit in silence and hear a song that's never been written?

Or gaze at a red planet and see a laboratory on wheels?

We make tools for these kinds of people.

While some see them as the crazy ones, we see genius.

Because the people who are crazy enough to think they can change the world, are the ones who do.



"Q: How many Macintosh Division employees do you need to change a lightbulb? A: One. He holds the bulb up and lets the universe resolve an oddball."

1981's Apple was not your regular company. In fact, it probably was everything but that. While books have been written about Apple's unique corporate culture, which you could either love or hate, but nothing in between. (The same can probably be said about most things Apple, starting with Macintosh and ending with charismatic Steve Jobs himself.)

Even the company logo was different. A simple shape of an apple, with a bite taken out of the side, had nothing to do with computers. As executive President of Apple Products, Jean-Louis Gasse said, "You couldn't dream of a more appropriate logo, but knowledge, to you, and to us."

The very same characteristics could be attributed to people meeting the Macintosh. And if you had met one of them, you would find more traits of artists working on the most important creation of their lives, than those of regular employees (the only difference might be the famous quote: "not artists ship"). Would anyone else be so into creating putting their signatures on the inside of the Macintosh, especially if nobody was ever to see them? And it wasn't only the creators. One article from 1984 dubbed "cleaning the Macintosh's exterior with a soft side padbrush, which you can buy at any art store."

Other famous Apple sayings was "It's better to be a pirate than to join the Navy." It was emphasized by an actual pirate flag waving in front of Macintosh Division building, and symbolized the fresh, provocative, ground-breaking way of thinking the whole company was soaking with. This approach was probably best presented in 1988's excellent "Think Different" campaign.

That way of thinking extended to Mac fans as well. (Not without Apple's help, as it hired many people on the position of, examples, Macintosh has probably the most loyal and devoted fanbase of all computers—sometimes looking on fanatic, but usually just immensely proud of using the best computer there is.)

One can't really blame them. Even many of the fans say that the Apple Computer of 2001 has little in common with that of 1984. It can't be denied that the Cupertino-based company never stopped pushing the envelope. Not creating their computers as works of art, and not simply products.

After Steve Jobs went backstage on that memorable January of 1984, he said "This is the single proudest, happiest moment of my life..." One doesn't say something like that after presenting a product. One says it after launching a revolution.



Overhead: The famous "Think Different" manifesto embodied the difference between Apple and its competitors. This 1997 campaign was heralded one of the most influential of its period.

Right: Apple says its in its entirety. Since a couple of years ago, the colorful company was given, suggesting the company reaching a mature age.

Far right above: Macintosh users around the time of their child's death. Holding the computer is Steve Jobs.

Far right below: Steve Jobs, John Sculley, and the original Macintosh press kit.



Organizational Culture

A diversity of cultures – one size does not fit all!





Organizational Culture

Why is this so important?

- “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?

‡ Adapted from Authenticity Consulting’s “Field Guide to Leadership and Supervision,” 2000.



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

Now let's discuss our experience in influencing the culture at Solvay Advanced Polymers...

‡ T. Galpin, "Connecting Culture to Organizational Change," *Human Resources magazine*, 1996.



Topics for Today



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Solvay SA – Long Tradition of Scientific Innovation



Solvay Physics Council, Brussels 1911

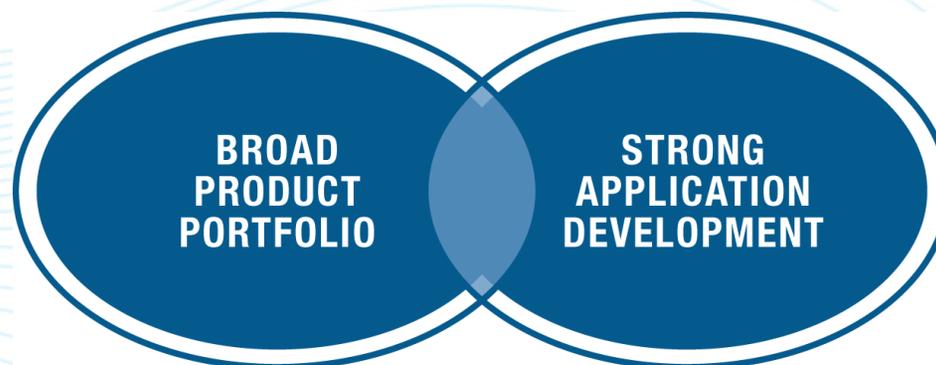
- Founded in **1863** by Ernest Solvay
- Breakthrough process for *soda ash*
- >11 bn\$ sales, >30,000 employees (2006)
- Specialty Plastics & Pharma ~65% of sales

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.

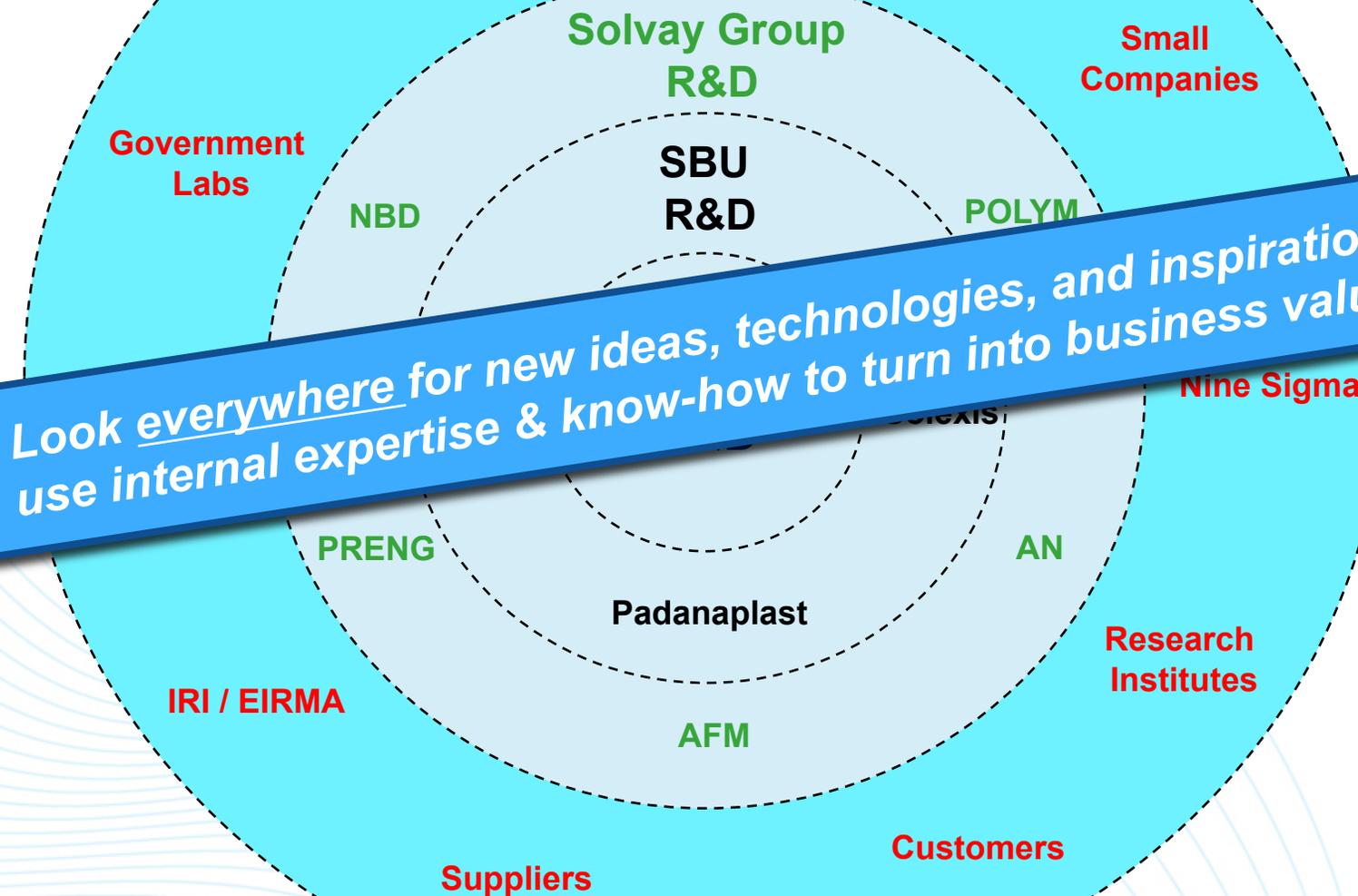
*“Open Innovation” getting a lot of airtime at Solvay...
How do we view it at Solvay Advanced Polymers?*



Open Innovation

The Solvay AP view

“Open” Innovation



Look everywhere for new ideas, technologies, and inspiration;
use internal expertise & know-how to turn into business value.

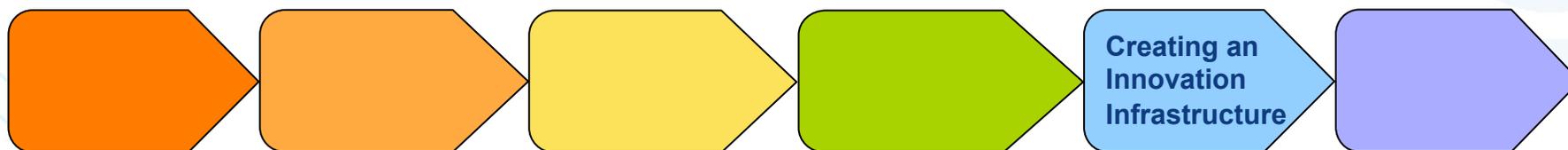


Open Innovation – What are we doing?

- ◆ **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



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Creating an “Innovation Infrastructure”

Year 1 (2004-2005)

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.

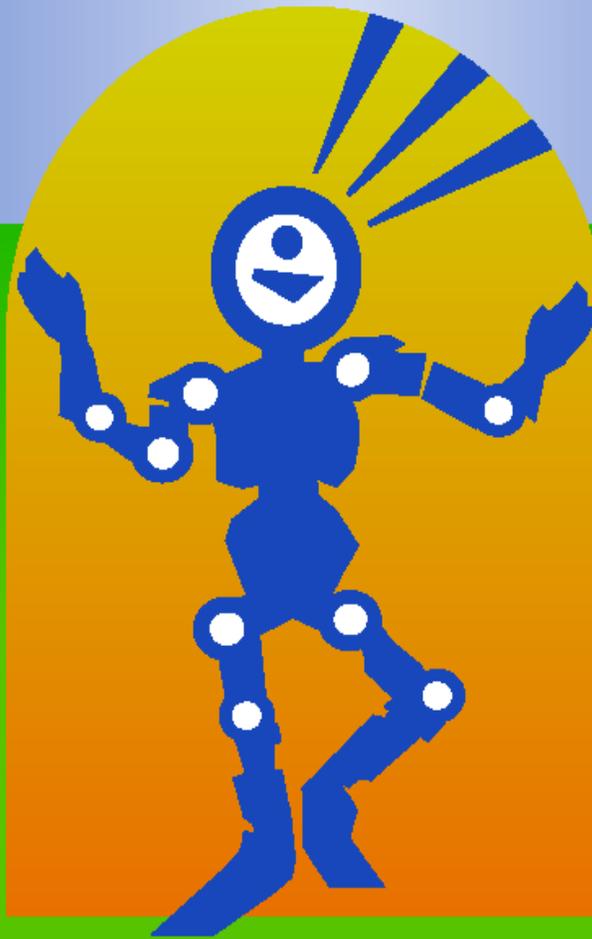
Worked with thought & practice leaders to learn best practices; incorporated these into our own unique framework.

- ◆ 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...



Powered by
people...
everyone,
everywhere

...it's a
state of
mind!

INNOVATION
C A F E

From Creativity to Implementation



What does it involve?

- ✓ Innovation Challenges
- ✓ Idea Generation
- ✓ Idea Management



Implementation



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.

Cultural Impact: awareness, excitement, participation
Tangible Results: several projects initiated based on new ideas.

Creating an “Innovation Infrastructure”

Years 2 & 3 (2006-2007)



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.

Creating an “Innovation Infrastructure”

2007 & beyond...



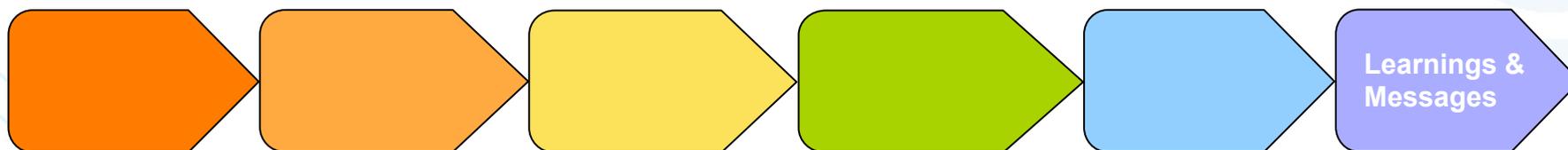
Making the **Innovation Café** part of the culture is a multi-year effort. Looking ahead, we are working to...

- ◆ 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



SOLVAY

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.





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INNOVATE Implement



Thank you for your attention!!

CREATE

CAFE