The Top Ten Ways for Consumer Goods Companies to Transform the Front End of Innovation

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Introduction

We were privileged to participate recently in a webinar led by Cor Bosselaar, Director of Global Innovation for Kimberly-Clark. Kimberly-Clark, as you likely know, is a $20 billion, leading consumer packaged goods manufacturer. Its brands include Kleenex®, Scott®, Huggies®, Pull-Ups®, Kotex® and Depend®. Nearly one quarter of the world’s population uses their products every day.

The heart of the webinar presentation was Cor’s recounting of Kimberly-Clark’s journey of transformation during the past two years as they have defined new ways to conduct their front end of innovation. Our companies, Kalypso and Sopheon, have had the good fortune to share that journey with them. Cor’s message was insightful, practical, and inspiring. And their results have been nothing short of dramatic: a 75 percent increase in the value of their innovation portfolio and expansion of their number of billion dollar brands from five to seven. They are already on their way to ten. We strongly encourage you to listen to Cor’s entire presentation via the on-demand recording at budurl.com/transformFEI.

This paper builds on the Kimberly-Clark case to provide a general view of what we see as ten key principles that should be considered by any consumer goods company looking to improve the front end of their innovation process. This Top Ten list is based on our work with some of the world’s largest consumer goods companies. These same principles are embedded in a joint solution offered by Kalypso and Sopheon called FEI Optimizer, and are being successfully used at Kimberly-Clark. FEI Optimizer comprises best-in-class software from Sopheon and expert consulting services from Kalypso. It enables consumer goods companies to develop bigger and better ideas and concepts, and therefore generate bigger and better business results from innovation.

With that background, let’s discuss these Top Ten practices for transforming the front end of innovation.
1. **Define a fair, transparent and repeatable front-end process that everyone understands.**

Number one on our list is “removing the fuzziness” from the front end. Ideally this removal should extend across the entire innovation lifecycle. Anyone in the company should be able to understand exactly how the process works, and how they can contribute to it. They should also have a clear view of how it fits into the broader end-to-end innovation processes that include innovation planning, concept development and commercialization.

For consumer goods companies, the front end is about more than just ideation. Ideation is a critical foundation, but we have learned that if an ideation system is deployed as a standalone, it often becomes a “black hole” where good ideas go in and never come out. Kimberly-Clark began with a focus on how ideas transition into concept development and testing. Good ideas at Kimberly-Clark move seamlessly into a concept development process with its own unique tools and action steps. Similar transitions occur in later stages of the innovation lifecycle, including product development, commercialization, and post-launch.

![Portfolio and Resource Planning](image)

**Figure 1:** A view of the end-to-end innovation process for consumer goods companies, highlighting two key elements of the front end: idea development and concept development.

2. **Eliminate “reinventing the wheel.” Capture 100 percent of ideas to enable “swiping” and reuse.**

To be fair, this recommendation is often made with regard to the innovation process in general. Our view is somewhat unconventional. Let’s take it as a given, for a moment, that one way to avoid reinventing the wheel is by using virtual ideation systems which provide greater visibility to ideas from across the company. Our opinion is that even this is not enough.

For innovators to truly build upon what has been learned in the past, they must have a view to all ideas and concepts—and not just those that were conceived and further developed in a virtual environment. This means capturing ideas created the “old-fashioned” way—in a traditional conference room environment—as well as ideas from other sources. For consumer goods companies, some of the best ideas might come from consumer immersion, store visits, input from trade partners, technology scouting, or a variety of other non-digital sources. Our recommendation, therefore, is that in addition to capturing ideas from virtual ideation processes, companies must have simple, efficient ways to digitize and store other ideas, making them available for reuse as well.
3. Connect ideation to concept development and testing to provide the context required for learning.

We also recommend creating close ties between ideation and processes for concept development and testing. This isn’t just to ensure efficiency. A more important reason is that the linkages between ideas, concepts and concept tests provide innovation teams the context they need to learn from the past.

Innovators must be able to look back and track the entire evolution of an idea—from concept to product—and be able to understand why changes were made along the way. Concept development in particular is a very iterative process, typically reflecting cycles of feedback gathered through consumer research. By tracing the lineage of the idea one can see why, for example, changes were made to pricing, positioning, packaging, or to a product itself based on input from focus groups or quantitative tests such as Nielsen BASES.

In commenting on the importance of tracking an idea’s evolution, one of the R&D scientists we worked with said, “It’s a bit like the way the brain works. What matters is not the individual cells (or in our case, the individual data points in the system); rather, it’s the connections between each node in the network that enables the learning.”

Figure 2: It is the linkages between ideas, concepts and concept tests that provide innovation teams with the context they need to learn from the past.

4. Systems need to be user-friendly, intuitive and easily learned. Nobody has ever been trained on Facebook.

Enabling systems used to support the front end must be exceedingly user-friendly, intuitive, and easy to learn. If you think about it, the front end of innovation is unlike any other business process. It is inherently cross-functional and open to the entire enterprise (and often even beyond it). For this reason, the enabling tools used to support it must be different from other enterprise systems, such as ERP or CRM. They must offer something like the consumer experience provided by Facebook® or Twitter®.

Figure 3: This example from the Accolade Idea Lab platform highlights how front-end systems can be intuitive and easy-to-learn. This is often very different compared to user experiences with other enterprise systems.

At left is a screenshot example from Sopheon’s software platform, Accolade® Idea Lab™. Even at a glance you can see how the familiar collaborative environment of social networking is transferred to the innovation process. If you think about it, nobody has ever been formally trained on Facebook, and yet it’s the most widely-adopted internet technology of all time. Enabling tools for the front end must be equally as easy to learn.
5. **Establish a process and accountability for continuous improvement of the FEI process.**

This is an area in which success requires a combination of enabling tools and supportive business processes. Automated systems provide visibility into what has occurred in the past. But the deployment of defined business processes makes it possible for an organization to systematically learn from the past and to get better. In other words, as powerful as tools might be, human thinking is still required.

*Figure 4: Effective feedback processes enable companies to systematically learn from the past and continuously improve.*

One example we have seen that really works is the routine implementation of a formal front end process-improvement review—once every six months. In the companies where we have seen this procedure followed, cross-functional business teams look across the entire set of ideas and concepts developed during that period, separate out those of high-quality from those of lower-quality, and look for patterns that can explain success or failure. It is unlikely that a “magic formula” for determining idea viability will be uncovered, but the process and the discussion that goes along with it should generate a series of consistent, iterative improvements to the process that may then be incorporated back into your standard front-end practices.

6. **“Think locally, act globally.” Local regions are likely closest to the consumer and will be the best source of consumer-relevant ideas.**

Although innovation requires a global platform, members of local teams are still likely to be closest to the consumer in a given region and therefore the best source of consumer-relevant ideas. The process of continually nurturing and harvesting local ideas is of great importance to the effectiveness of front-end processes. One way those responsible for corporate innovation systems can help is by providing standardized, best-practice processes for ideation that can be adopted at the local level. This helps ensure that all regions and markets are in a position to take advantage of the best possible approaches to generating high-value ideas relevant to the consumers they are targeting.

7. **Build in “search and reapply” from day one. Test locally generated ideas globally to enable launching ideas globally from the start.**

Although effective localized ideation processes are important, they are not the be-all and end-all answer to creating a high impact front-end system. The secret to success is to feed locally-generated ideas into a global process that balances local expertise with global scale. This means companies must build processes to ensure people can search for and reapply great ideas regardless of their origin. In an increasingly competitive global consumer market, companies cannot wait for ideas to take off in one region before reapplying them in another. They must be able to discover and test high-potential, locally-generated ideas globally—and then launch the best ideas around the world from the start.
A large part of Kimberly-Clark’s recent innovation success is attributable to the company’s ability to truly leverage a global network of innovators. The organization has smart people all over the world. But until recently, they had a hard time connecting with one another, and that limited their ability to contribute to the innovation process. Kimberly-Clark’s successful efforts to pull people together globally into a virtual collaborative environment have enabled them to discover good ideas—regardless of their origin—and reapply those ideas in other parts of the world, sometimes even on the scale of a global new product launch.

Figure 5: In an increasingly competitive global consumer market, companies must be able to discover high-potential ideas regardless of their origin—and launch the best ideas globally from the start.

8. **Align areas for ideation with innovation needs from the innovation strategy and the multi-year innovation calendar.**

For companies to achieve the success they desire from the front end of innovation, they must begin by identifying the areas that require ideation and establishing related goals. These areas, sometimes called “strategic arenas,” should align with innovation needs identified in corporate, divisional, and brand-level innovation strategies. And they must be clearly modeled in a multi-year innovation calendar that communicates where the business is going today, tomorrow and beyond. Lastly, clear metrics for these goals should be specified. Goals might target the development of ideas in such areas as:

- Domain expansion;
- Restages;
- Commercial innovation; and
- Process improvements/cost savings.

The cadence of this front-end planning process ideally aligns with an organization’s strategic and operational planning calendar.

9. **“Innovation is everybody’s job.”**

The front end of innovation requires multi-functional input.

The front end of innovation is not owned by any one particular part of the business. It is not the exclusive domain of marketing, R&D, operations, sales, or any other function. Rather, good ideas can and should come from all functions. In fact, the best ideas are often those that result from multi-functional input. For a front-end process to be successful, all employees must be aware that the front end of innovation is everybody’s job.

Figure 6: Good ideas can and should come from all functions; in fact, the best ideas are often those that arise from collaborative multi-functional input.
Increasingly, we see companies promoting multi-functional input via virtual collaboration. This activity runs the gamut from support for highly structured methods to approaches that are highly unstructured. For example, a growing number of organizations today are developing ideas using formal idea challenges which focus ideation and discussion around a specific business strategy. Alternatively, we are seeing more and more support for ad hoc forms of ideation, facilitated dynamically through communities-of-interest or social networks. These methods enable people to come together in self-organizing groupings—again, like Twitter or Facebook—but within the secure boundaries of their company.

10. Leadership must take responsibility for changes to the front end of innovation.

Finally, executive leaders must acknowledge that the front end of innovation is a critical business process and be the ones to take responsibility for driving process change. This is a massive change management undertaking. They must paint the picture of a compelling need for change, communicate that vision, and reward desired new behaviors. In general, organizations don’t like change. In large, global firms the challenge of effecting change is compounded by how difficult it is to get a large number of people moving in the same direction, particularly when it comes to the adoption of new methods.

Senior leaders need not only be “on board,” they must be willing to communicate their intent both in words and deed. One of the most common cultural barriers to change in our experience is the common “not invented here” mindset. Executive leaders should encourage people to “swipe with pride.” They need to be aware of and take action to knock down other institutional barriers that may stand in the way change. An example is the widespread tendency to only reward “true” inventors. Rewards should also be provided to those who found good ideas and ran with them, even if they didn’t invent those ideas themselves. One of the best ways to do this is to find early adopters who have been successful in-market with ideas from other regions, and then publicize their great work. In the end, everyone will want to be on board with a system that proves it can generate in-market success.
About the Authors

Gale Fogg is a senior manager at Kalypso. She focuses on serving clients in the CPG industry in innovation strategy, front end of innovation, and commercial and product innovation creation/planning/results maximization. Gale has a broad background in marketing, consumer understanding and commercial/product innovation. Prior to joining Kalypso, Gale spent 26 years at Procter & Gamble where she held leadership positions in North America and Global Brand Franchise Teams. She has a track record of building profitable, leadership brands by turning consumer insights into successful, in-market commercial and product innovations. Gale was part of one of the first global brand franchise teams at Procter & Gamble, developing principles for the Brand Franchise Leadership model. On the Always brand, initiative success rates increased from 14% to 60% based on creation of the first-ever five-year innovation plan.

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About Kalypso

Kalypso is the world’s premier innovation consulting firm, helping clients deliver on the promise of innovation. The people of Kalypso are leading business professionals who combine unparalleled expertise in innovation, product development and product lifecycle management (PLM) with a depth of experience in the consumer goods, high technology, manufacturing, life sciences and retail industries. For more information, visit kalypso.com. Follow @KalypsoLP on Twitter and on Facebook at facebook.com/KalypsoLP.

About Sopheon

Sopheon (LSE:SPE) is an international provider of software and services that help organizations improve the business impact of product innovation. Sopheon’s Accolade® solution enables end-to-end innovation management, including innovation planning, ideation, innovation process execution, in-market product management and product portfolio management.

More than 40 percent of Sopheon’s current customers are in the consumer goods sector. Among them are many of the largest and most innovative companies in the industry, including such well-known brands as Kimberly-Clark, PepsiCo, Electrolux, Beiersdorf, Philips, Dr. Pepper Snapple Group, Land O’Lakes and Rich Products.

Sopheon has operating bases in the United States, the United Kingdom and the Netherlands, with distribution, implementation and support channels worldwide. For more information on Sopheon and its software and service offerings, please visit sopheon.com.