

How to create an atmosphere for innovation

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Institute of Technology Management

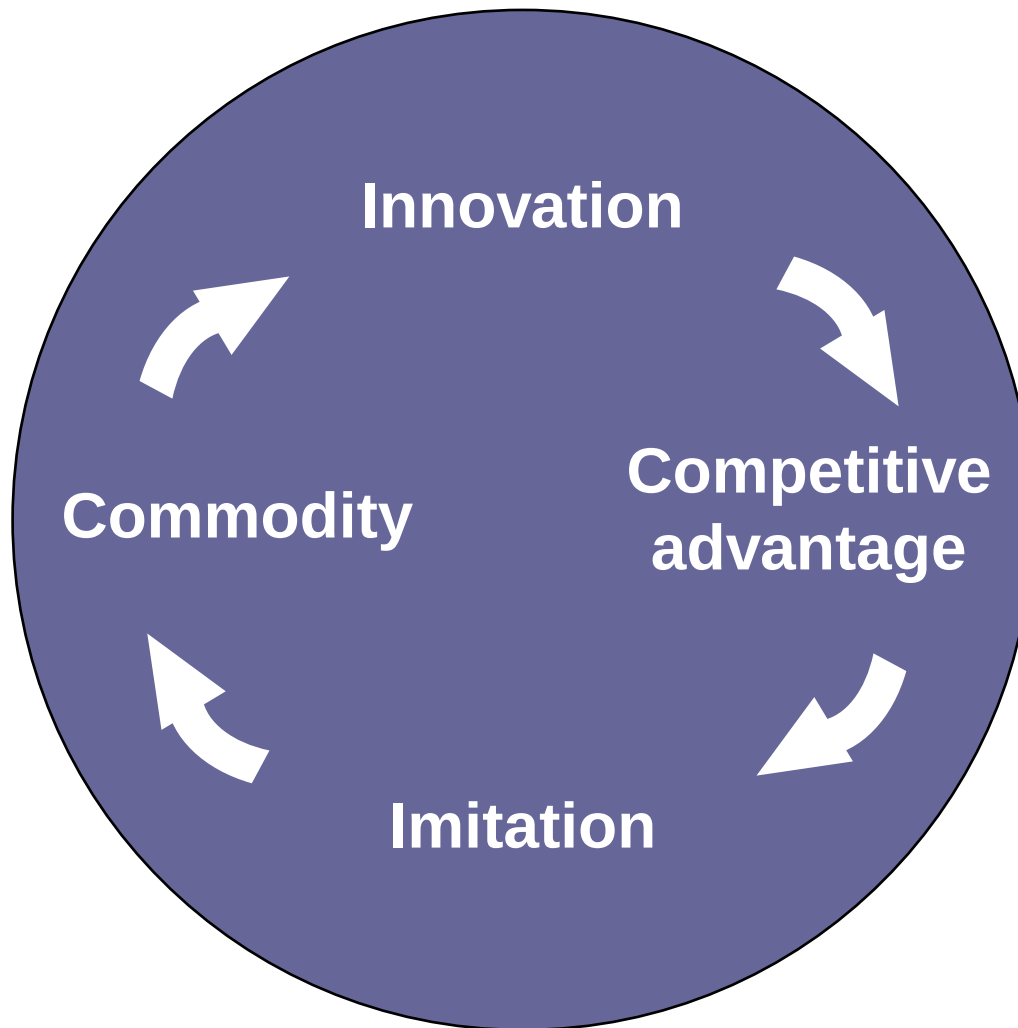
University of St.Gallen

What is innovation?

Innovation =
Idea +
Need +
Execution



Innovation cycle – “RPM” increasing

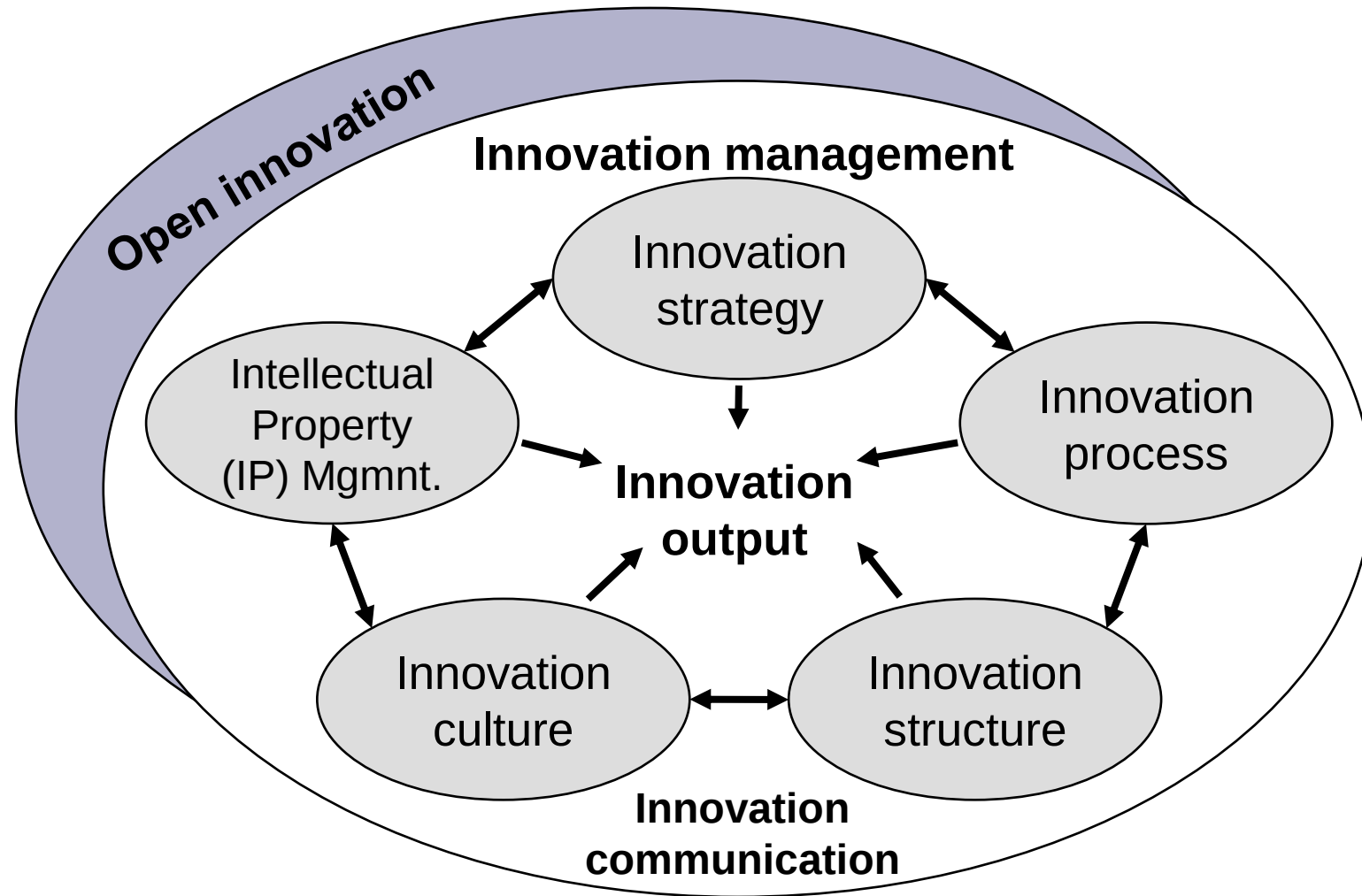


Current challenges in business

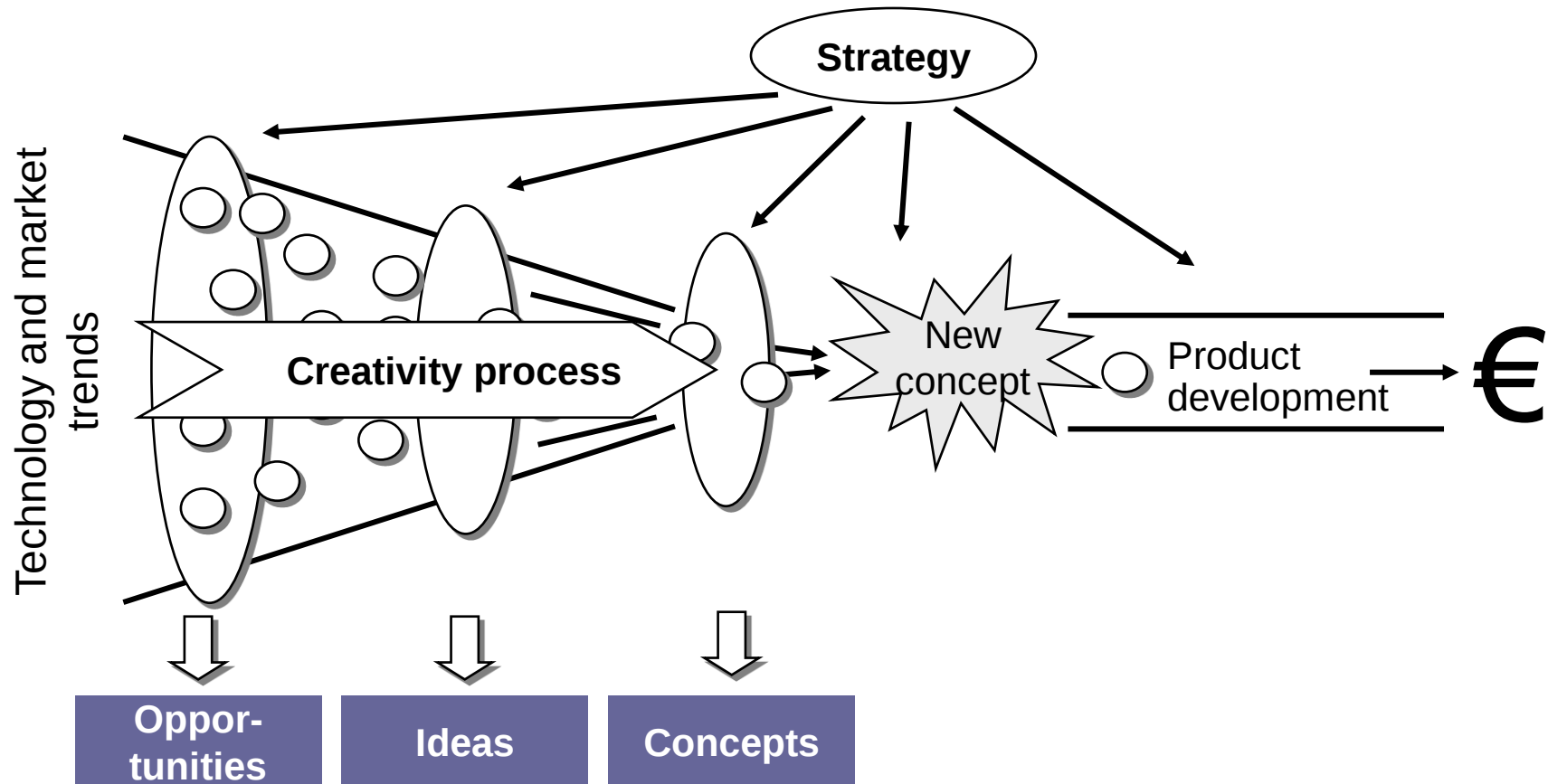
“Today, innovation is about much more than new products. It is about REINVENTING BUSINESS PROCESSES and building entirely new markets that meet untapped customer needs. Most important, as the Internet and globalization widen the pool of new ideas, it’s about selecting and executing the right ideas and bringing them to market in record time.”



Core elements of innovation management



Overview innovation process

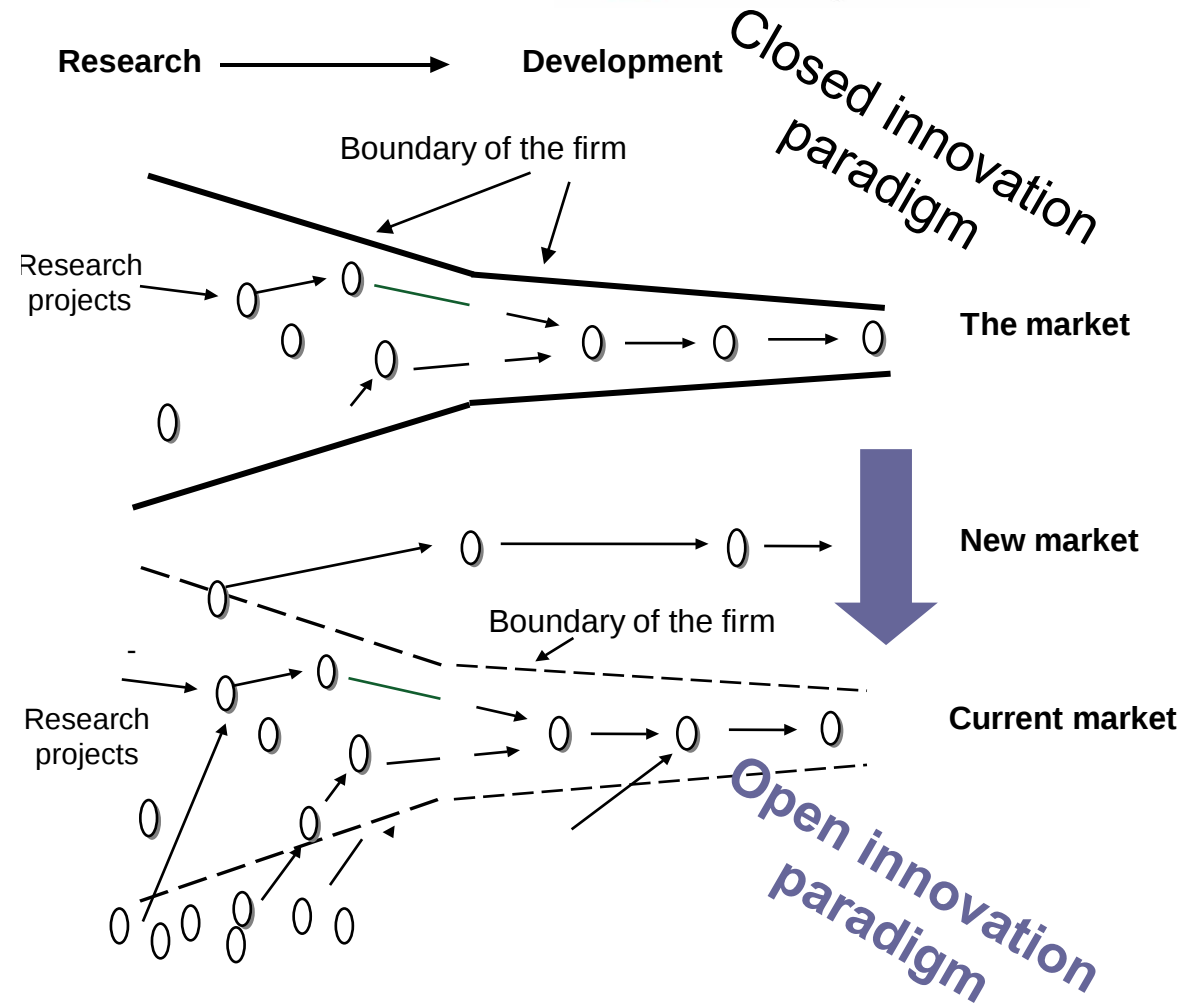


Change of innovation paradigm

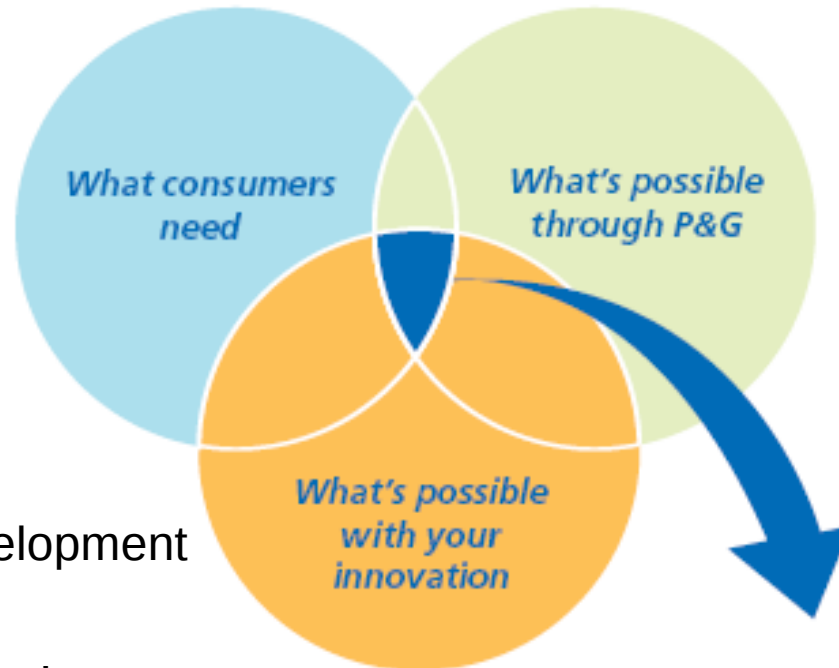


Trends

- Faster innovation cycles
- Shorter product life cycles
- Technological change
- Globalization of markets
- Increasing competition
- Changing customer demands



Open innovation, example Procter & Gamble



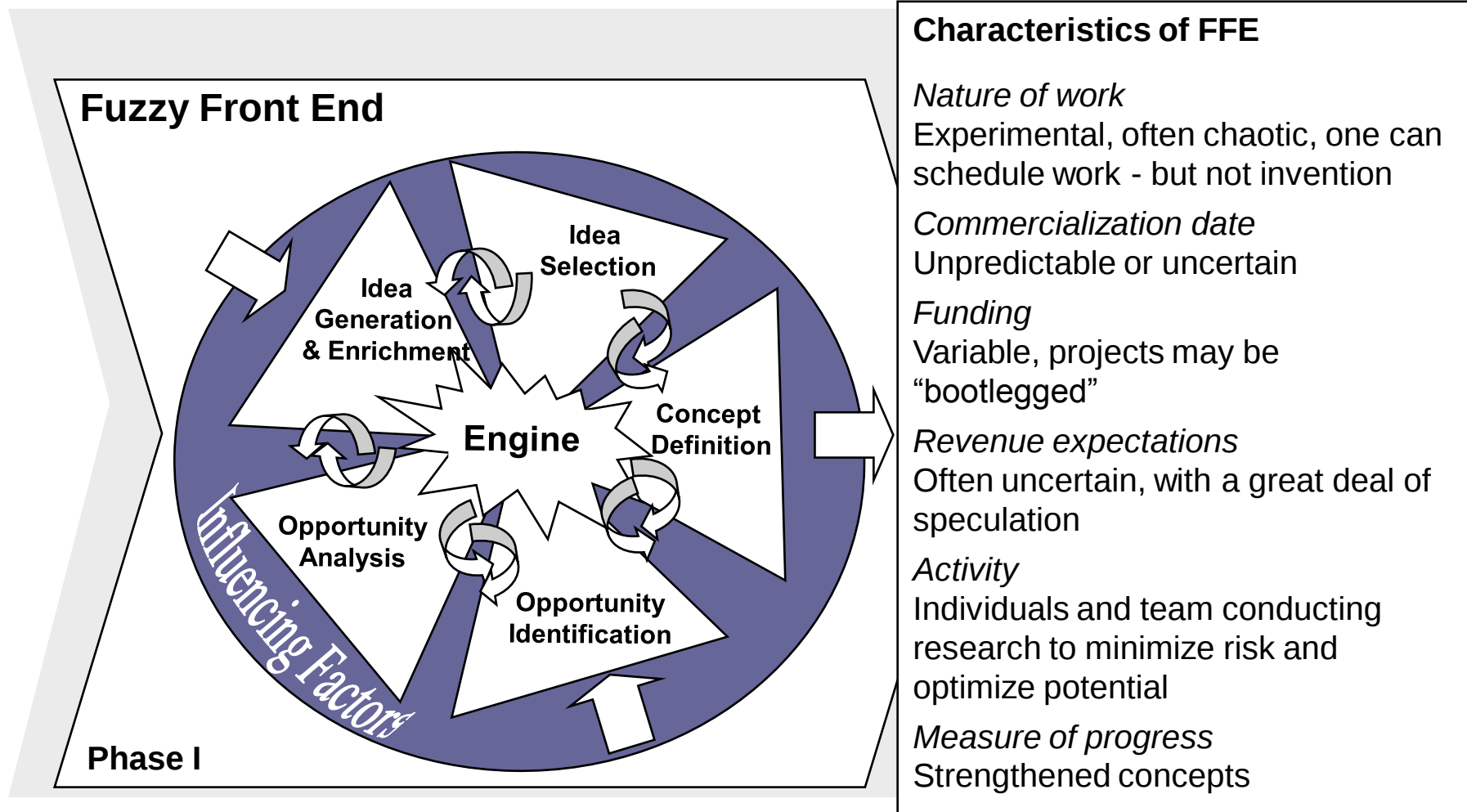
From R&D → Research and Development

to C&D → Connect and Develop!

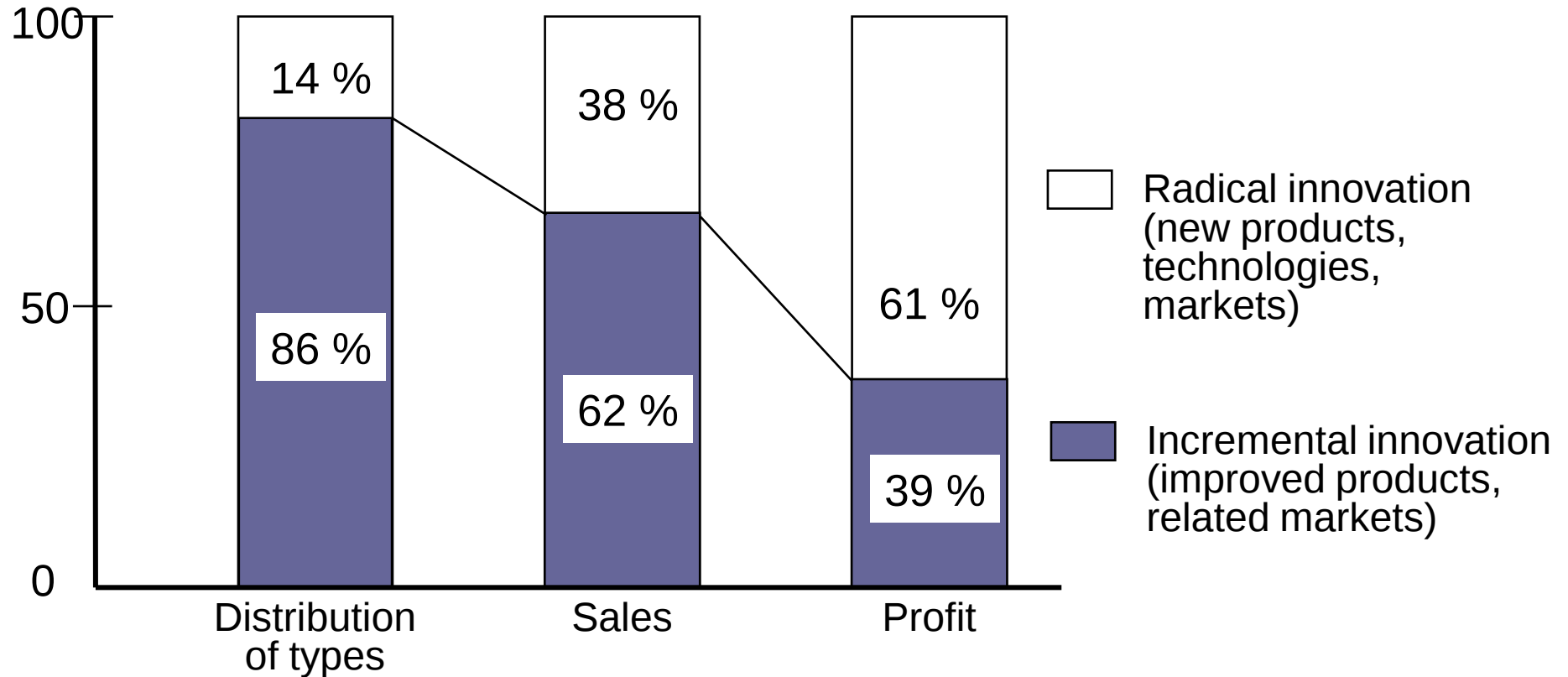
Integration of external partners to optimize
Innovation-to-cash processes at P&G

Connect + Develop allows us to quickly create and introduce new innovations by incorporating the capabilities of external resources.

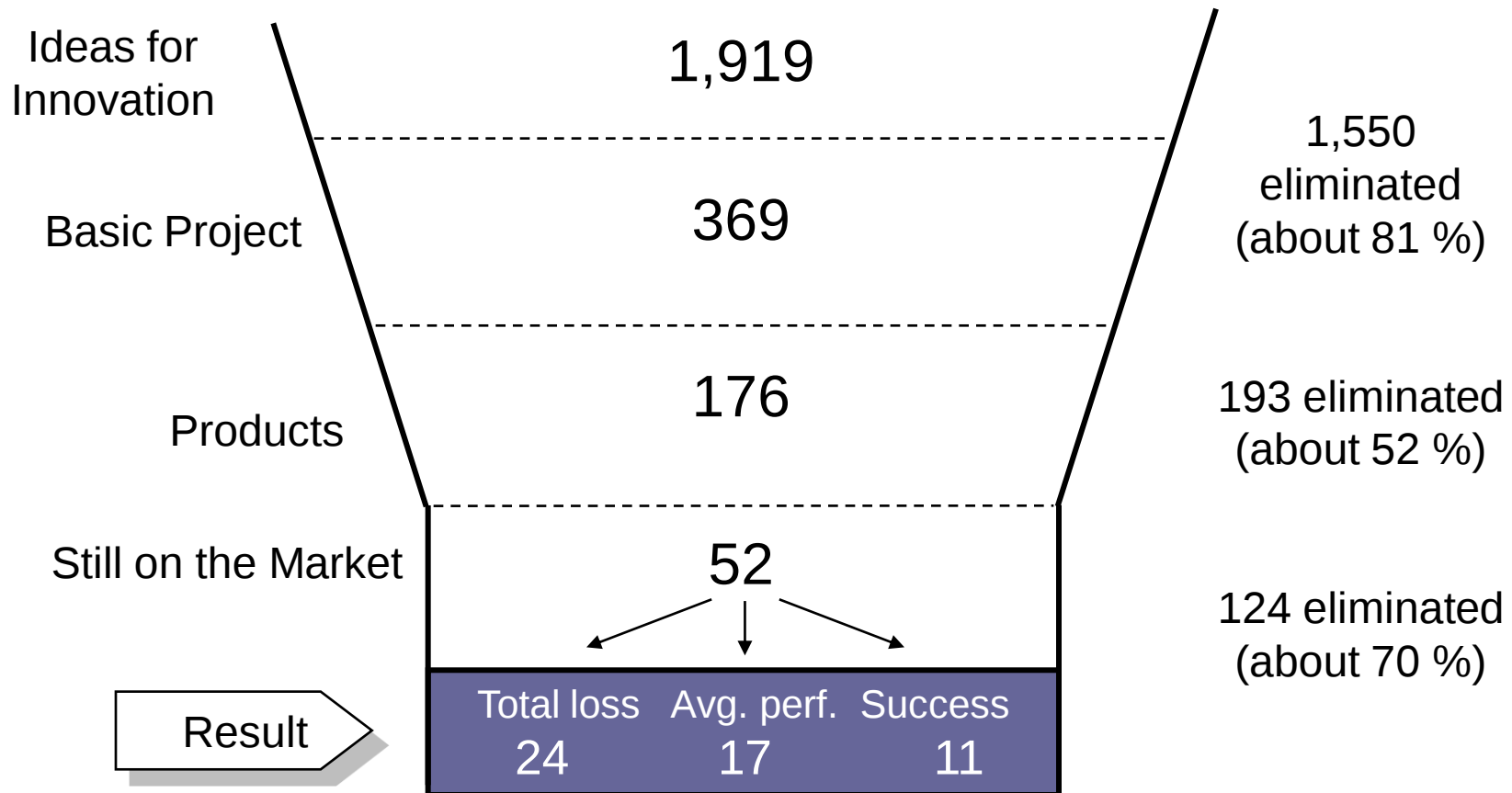
Fuzzy front end (FFE) model



Innovation leads to higher profits



Just 0,6 % of all ideas for innovation are successful



Iridium – great but too expensive



1998: 66 satellites, 5 bio \$
2000: bankrupt

Factors that lead to failure:

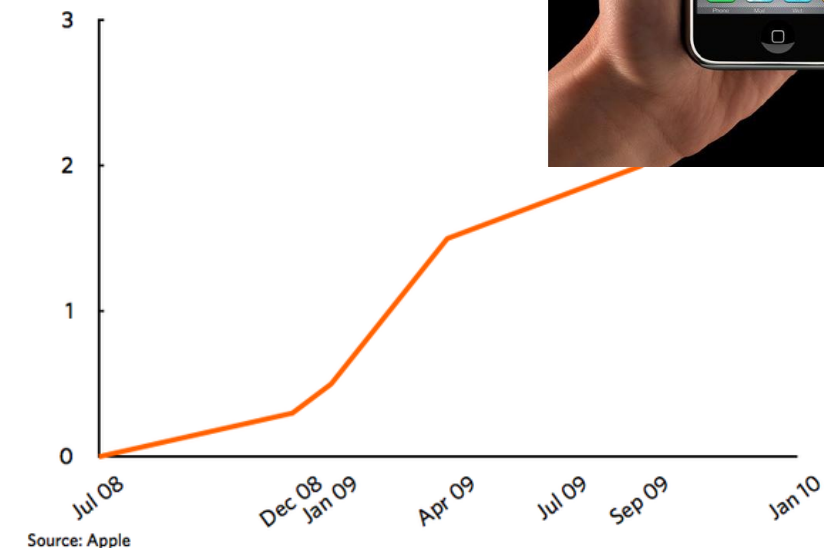
■ Electronic mouse trap	28 %
■ Me-too-product	24 %
■ Technical weaknesses	15 %
■ Competitive weaknesses	13 %
■ Price deterioration on the market	13 %
■ Problems in the environment	7 %

Apple iPhone and App Store success

Apple to boost iPhone sales 35% this year... sold a record 11.3M in 2009's final quarter, will sell 37.3M in 2010, predicts Wall Street analyst.
[Computerworld 2010]

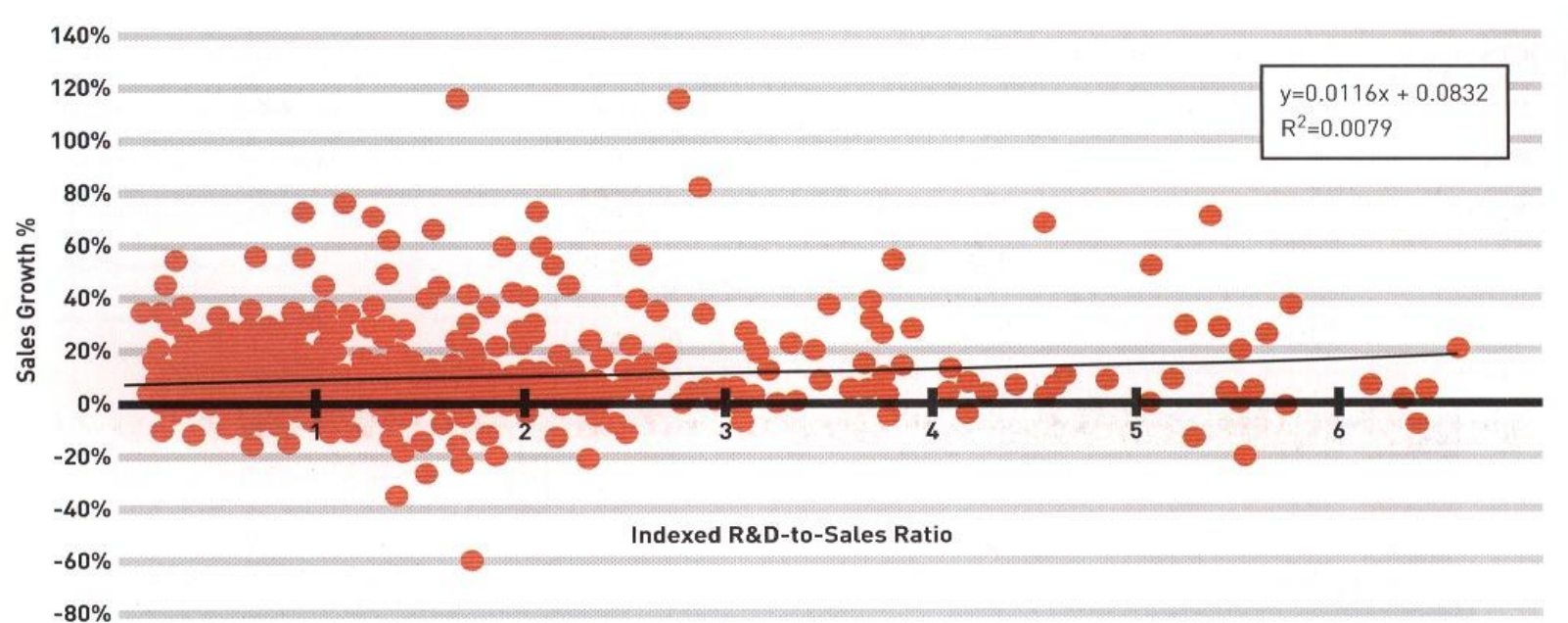
Apple responsible for 99.4% of mobile app sales in 2009.
[arstechnica 2010]

iPhone App Store Sales
Billions



WHOA: Google Android outsells Apple iPhone in the U.S.
[Silicon Alley Insider May 10th 2010]

More money does not guarantee innovation success

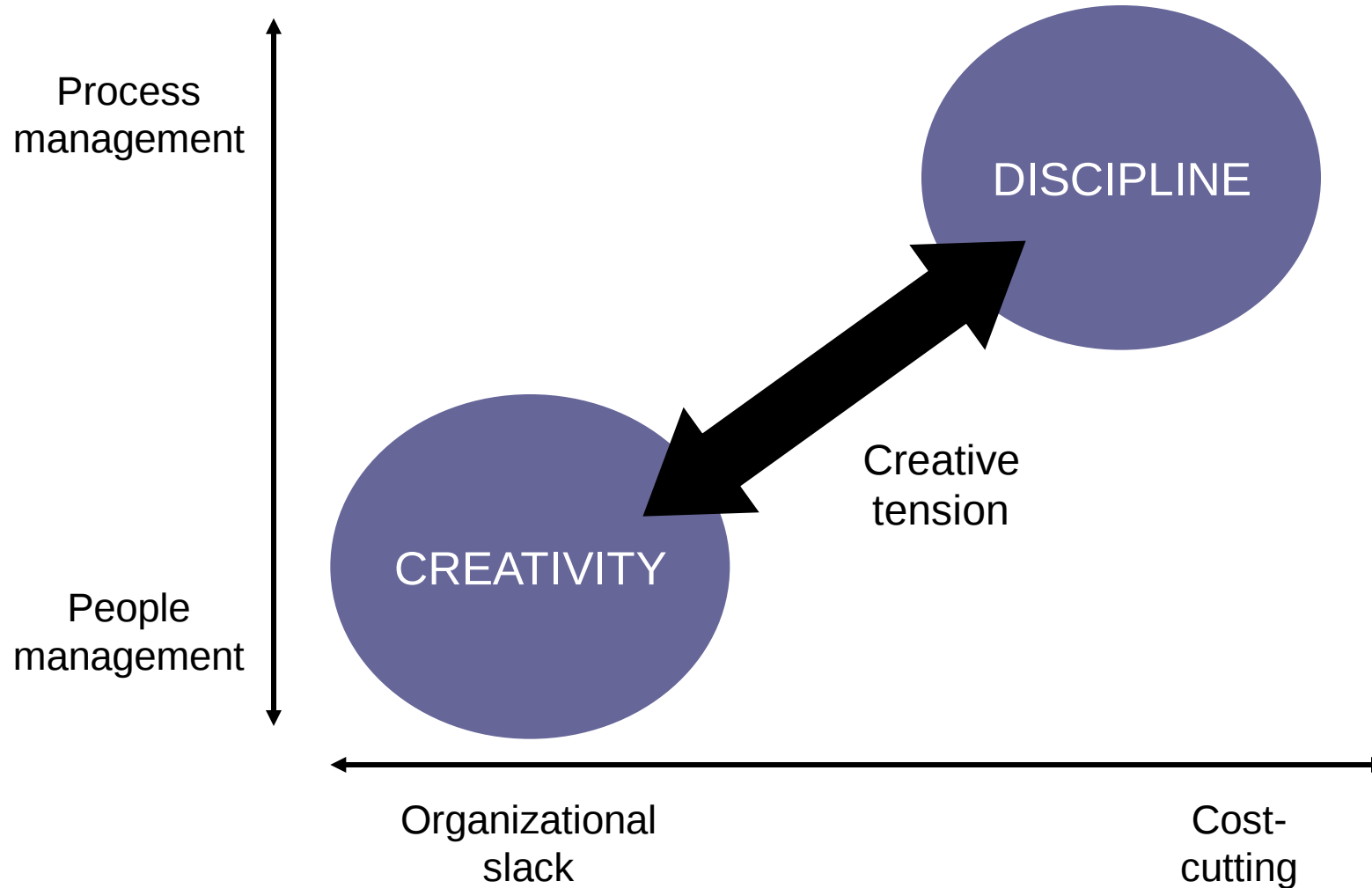


n=1000, Booz Allen Hamilton (2006)

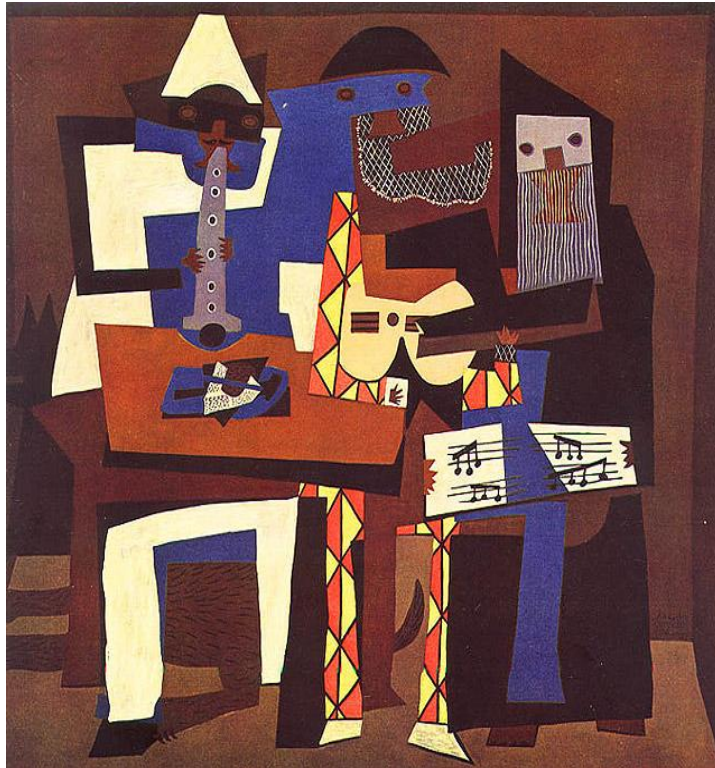
Higher spending on R&D does not automatically lead to an increase of performance parameters such as sales growth, profit or shareholder value.

Innovation by chance or management?

Strategic dilemma: how much discipline ?



Three elements of creativity



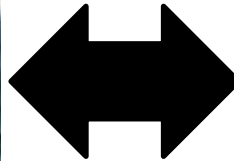
Pablo Picasso, Three Musicians (1921)
Amabile (1998)

1. expertise
2. creative-thinking skills
3. motivation

We can influence this.

Too much money makes us nervous!

Experiment 1:
high bonus - low performance



Experiment 2:
high bonus - high performance



Gore: commitments, no assignments



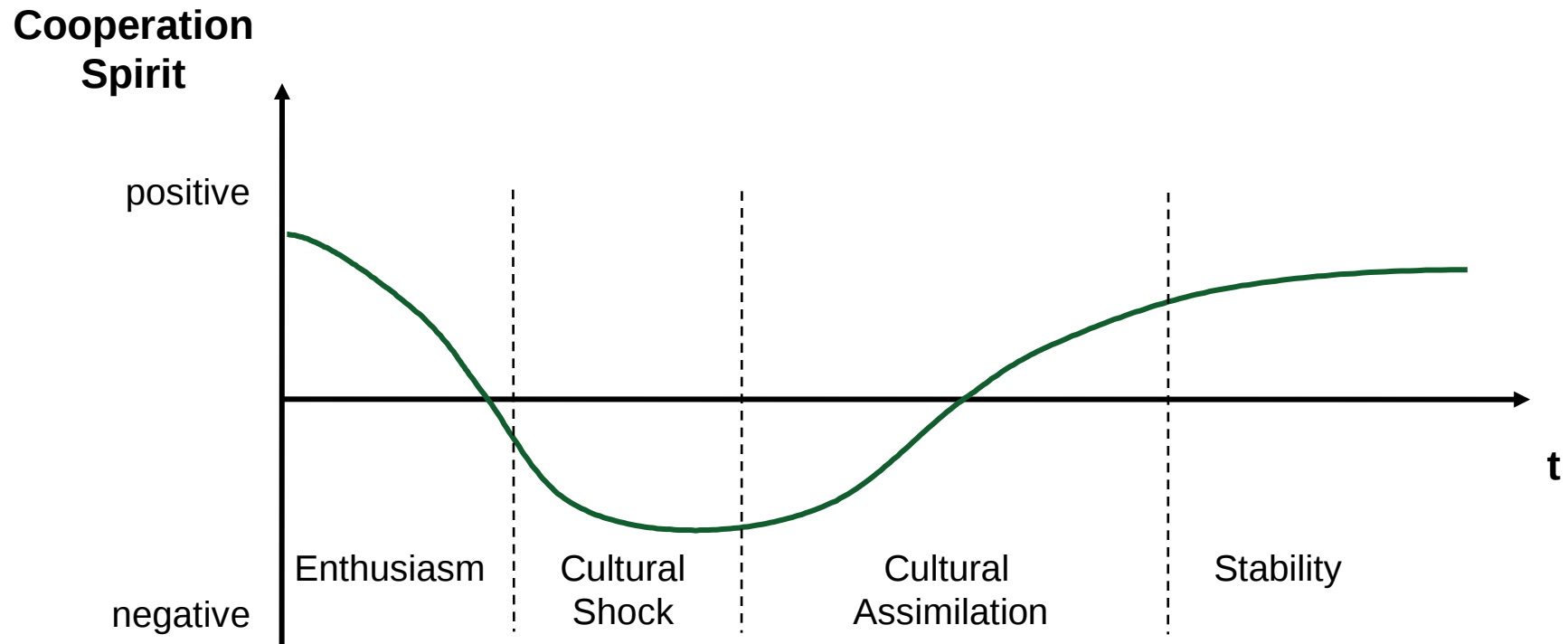
Tasks can't be assigned, they can only be accepted



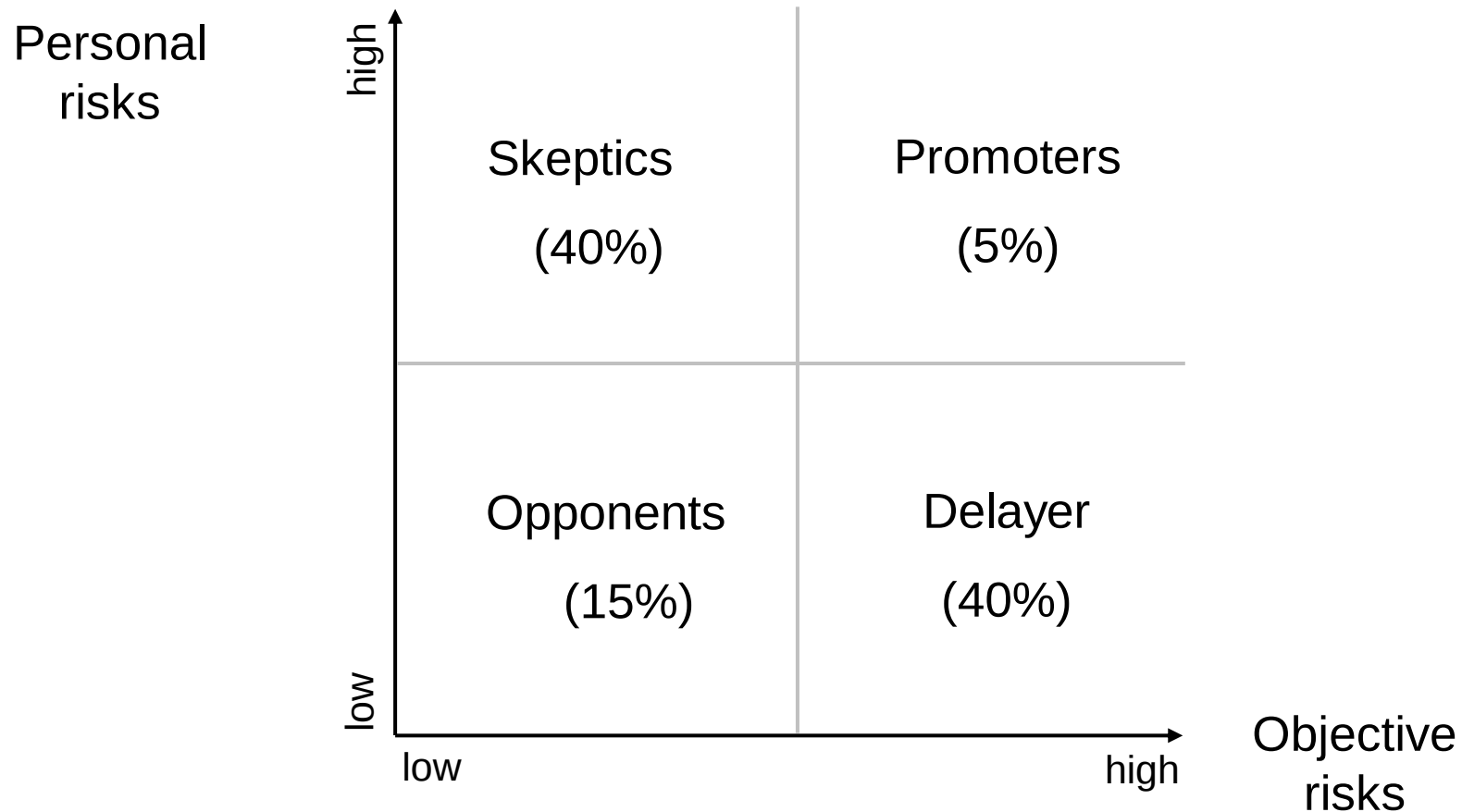
How effective is your organization?



Trust as core of cooperation



Judging risks in change projects



Don't fear failure

You need to encourage innovation when
your company's doing well.

At Dell, innovation is about taking risks and learning
from failure.

Michael Dell,
Dell Computers,
2002



What can you find in a company with a strong innovation culture?

1. alignment
2. self-initiated activity
3. unofficial activity
4. serendipity
5. diversity
6. communication

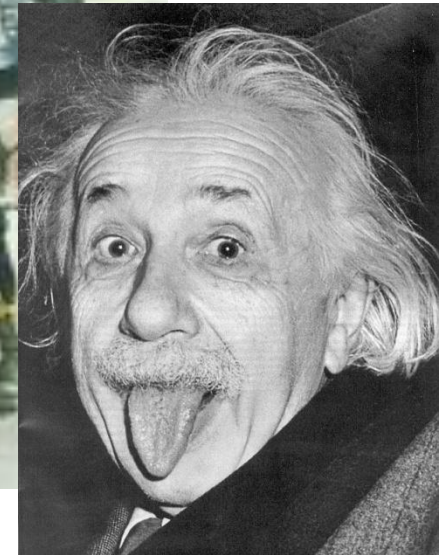
Source of all innovation is the human being



Innovation champions
are frequently

- egocentric
- impatient
- unadaptable

Are we looking for them
and are we encouraging
them?



**Success factors: promoting a culture of innovation and recognizing
the potential of lateral thinkers**

Entrepreneurship as source for successful innovation

Triggers for Entrepreneurs:

1. Money
2. Autonomy
3. Creativity
4. Passion

Transforming the idea into a successful business as challenge.

Overcome the orthodoxies of the company



Vision driven Innovation

“We choose to go to the moon in this decade, not because it is hard, because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one we are willing to accept, one we are unwilling to postpone, and one we intend to win”

- John F. Kennedy 1961



Innovation requires an element of chance, but good management increases the likelihood of success

Chance favors only the prepared mind!

Louis Pasteur

Attachment: background BGW AG



BGW AG – Service portfolio

Advise and in-house seminars:

- Strategic business development
- Innovation management
- Intellectual property (IP) solutions

- Widespread partner network





BGW AG – Current focus topics...

Your success relevant subject areas

Corporate development

Innovation management

Intellectual property (IP) solutions

Selection of our current work focuses

- Business model innovation
- Creating Blue Oceans
- Culture of innovation and leadership

- Open Innovation und crowdsourcing
- Early innovation phase and Lean Innovation
- Service innovation

- IP strategy and processes
- St. Galler Patent Value Index (SGPI)
- Evaluation and exploitation of IP

We help you to shape and secure your future!



BGW AG – We offer ...

... proven practices and methods

Methods developed in practice, tested and applied for over 20 years.

... approaches adapted to the particular situation

There is no rigid standard method used, but the approach individually tailored to your goals.

... scientific anchoring of methods and concepts

Research, promotion and teaching of the team at the Institute of Technology Management at the University of St.Gallen (Professor Gassmann).

... sound understanding of business and technical issues

The members of the BGW team have extensive practical experience beside their HSG-doctoral degree.

... comprehensive perspective

The BGW assists in the conceptual planning and operational implementation of joint projects.



BGW AG – Experienced team of founders



Dr. Martin A. Bader, Managing Partner

- Intellectual property and innovation management expert
- European and Swiss Patent Attorney
- Former Vice President and Chief Intellectual Property Counsel, *Infineon Technologies*



Prof. Dr. Oliver Gassmann, Partner

- Professor of Technology Management and Director of the Institute of Technology Management at the University of St.Gallen
- Member of numerous economic and scientific advisory boards
- Former Vice President Technology, *Schindler*



Dr. Christoph H. Wecht, Managing Partner

- Innovation management expert
- Long-term international experience as project manager and product developer in Austria, Germany and the U.S.
- Former head of Knowledge Management & Innovation department, *Continental*

BGW AG – Overview

- The BGW AG is a spin-off from the Institute of Technology Management (ITEM) at the University of St.Gallen (ITEM-HSG)
- Offices in St. Gallen and Vienna
- Development of custom, well-fitting solutions in the areas of strategic business development, innovation management and intellectual property (IP) solutions
- Comprehensive project management and support: from the definition of the objective through feasibility studies, analysis and concepts to the action plan and the subsequent implementation
- The close connection to the Institute of Technology Management provides access to current and relevant insights into international innovation management and strategy research
- International team of founders with extensive experience from practice and research: Dr. Martin A. Bader, Prof. Dr. Oliver Gassmann, Christoph H. Wecht

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