

FEI 2016 Summary of Key Insights Customer Centered Innovation Track

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The themes throughout the track revolved around how, where, and when to spark innovation with customer involvement. Sheila Mello introduced the track with a proposed approach that is driven by understanding the customer.

... and what do you look at?

Misery, frustration, challenge, obstacles



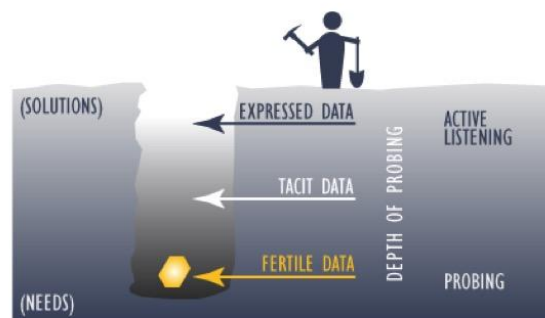
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After looking at customer challenges, probe, probe, and probe more:

Go deep

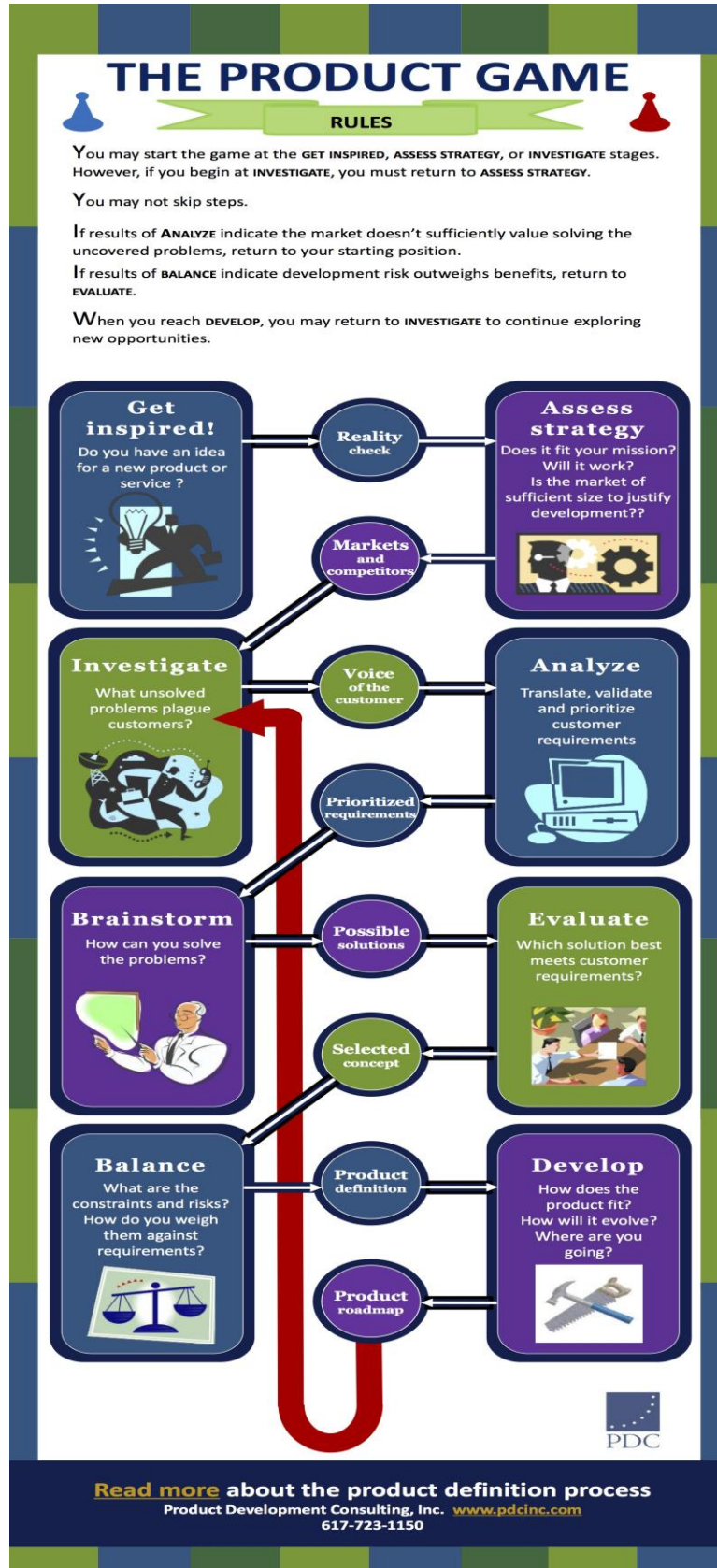


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The game below describes an approach to thinking about gaining deep customer insights before you dive into innovative concept/idea generation.



Using the Design of Experience (DoEx) to Change the Business Conversation

Sammy Munuswamy of The Manitowoc Company summarized his thoughts with two quotes:

Steve Jobs: “Life is all about creating and living experiences... [you] have to start with customer experience and work back toward the technology – not the other way around.”

Jeff Bezos: “If you do build a great experience, customers tell each other about that.”

It is critical to avoid complacency. Customers should not have to “endure your product”. Complacency of Customer (COC) is your customer learning to live with problems or pains that become second nature. To avoid this, you should observe your customers doing their “jobs” and do deep-dive probing to get to understand the COC issues.

The key is to understand what problems your customers have. Then you can create innovative solutions for them. Sammy gave the following examples:

- Fiber rope instead of wire to avoid the problem of needing to wear thick gloves and avoiding cutting your hands
- Rotary tabletop in a restaurant to facilitate sharing food (like in some Chinese restaurants)

You need to continue to improve the customer experience to drive revenue. Sammy called this the velocity of innovation (sales/innovation investment). It isn't sufficient to just put out a product. You then need to monitor the customer experience to make sure you are increasing the velocity of innovation.

Putting the Consumer First: Entrepreneurs Inside a Large Company

Cory Lommel and Jon Overlie of General Mills set the stage by getting everyone's attention with the well-known fact that 85% of new products fail. Why? In their case they were getting their asses kicked by small guys, startups who were more intimate with the customer base.

General Mills uses Agile to focus on customer-first design. The company has developed a passion about consumers and a drive toward empathy. Stories are where the power comes in.

Most large companies focus on margin first and making sure the risks are manageable instead of putting the consumer first. Customers may want your product to solve an issue and you may not have a solution that is low risk and high margin.

Leadership at General Mills is now saying *consumer-first*. Think of jobs as services – what is the consumer hiring this solution to do? Biggest shift has been that instead of hiring out empathy by using market research firms to do the interviews, General Mills employees do interviews in stores and in people's homes.

One example was Nature Valley cereal, which traditionally had to be in a box to meet the margins. General Mills was insular; failing to get out and understand customer desires. The cereal failed and lost millions of dollars. Then they changed the concept and dropped the box. "Keep me full till lunch" is now the motto. They brought the consumer-first idea front and center in all their work.

It was important to bring the product forward in their development process since a prototype is worth a thousand pictures. Rapid prototyping was used for learning. Many large companies can't tap into product development resources until later in their processes.

General Mills got people in the R&D group to have a minimal viable product approach as they developed rapid prototyping. They did it in a day with the team by prioritizing a couple of questions. The R&D group went out to start a discussion with the consumer and was able to learn many more consumer goals.

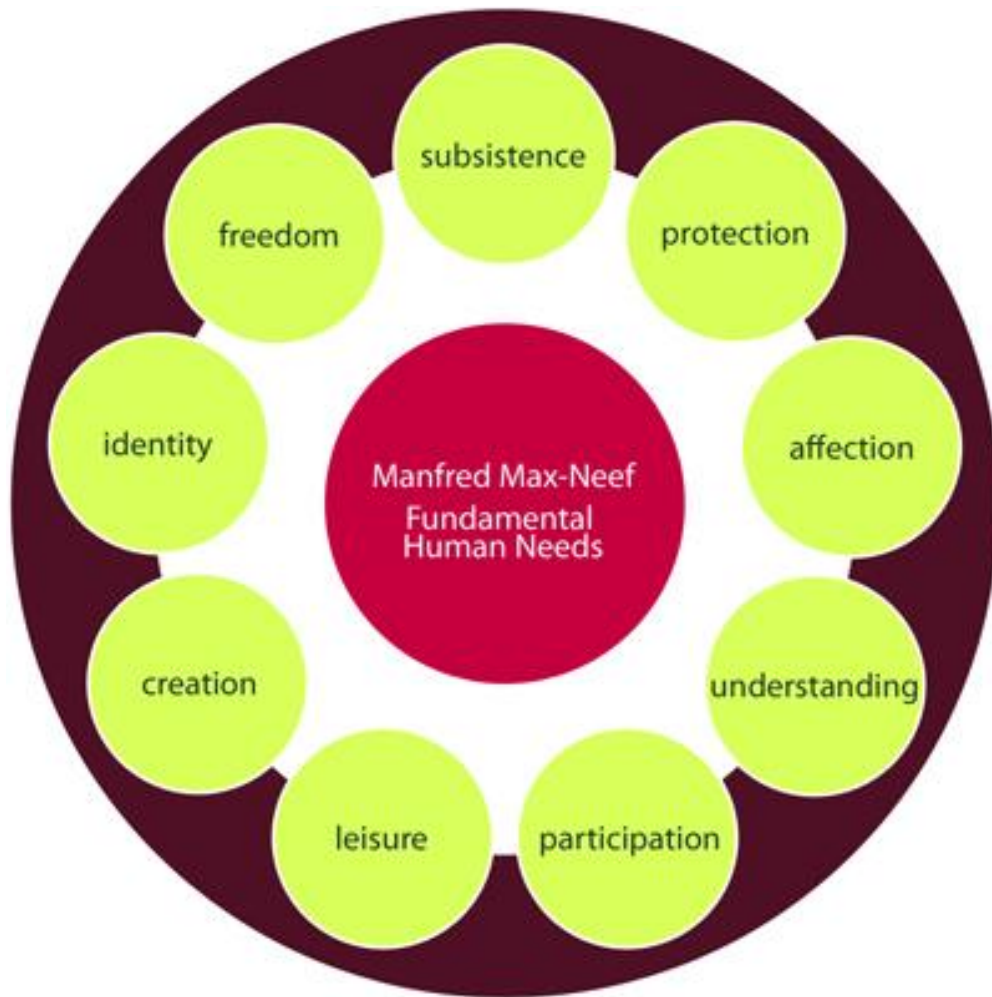
Think of your ideas as a start, not as an end. Think about holistic learning done in an iterative way.

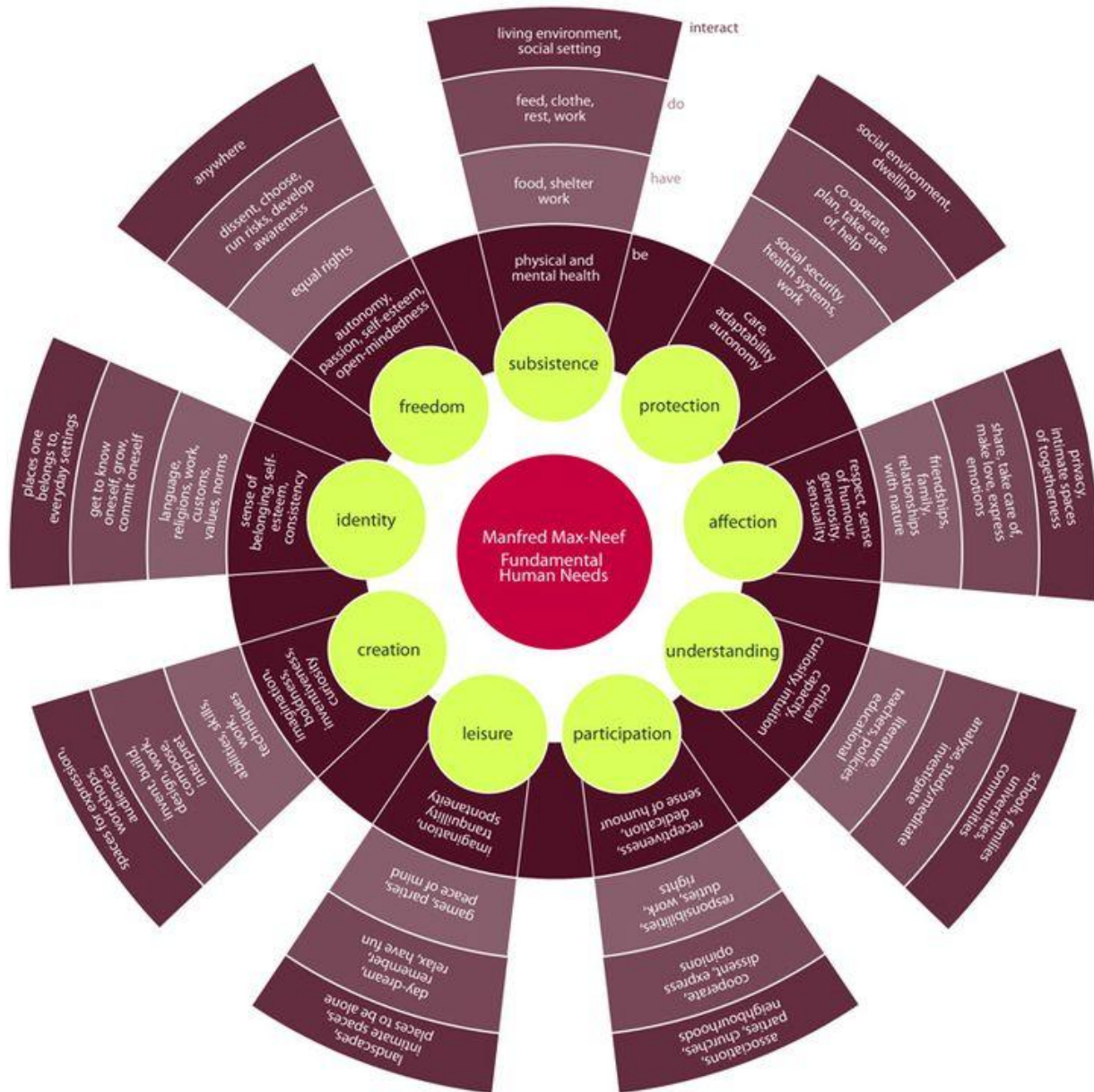
Real-world listening is the greatest empathy builder you will have. General Mills staff members now go into a location where they can find their consumers, put up a pop up stand and offer a sample.

Co- creating is the most important thing. But it only succeeded because it was preceded by “job to be done” work.

I Hate “Innovation!” Shifting Gears to User Experience

jAn Langelius and Wes Slavin of Peterbilt Motors described Max-Neef’s Fundamental Human Needs using their wheel.





There are nine needs and four satisfaction categories in Neef's work.

If ideation is going well but the energy starts to drop, they suggested creating a constraint to refuel the ideation. Throw the team a curve ball, something unexpected.

The outcome is customer requirements that should be actionable and measurable.

To provide focus to the ideation process they suggested using the Simple Rules approach of Donald Sull. Have a small set of rules to provide guidance to

exercise judgment. This way you can avoid the chaos of no rules or too many rules.

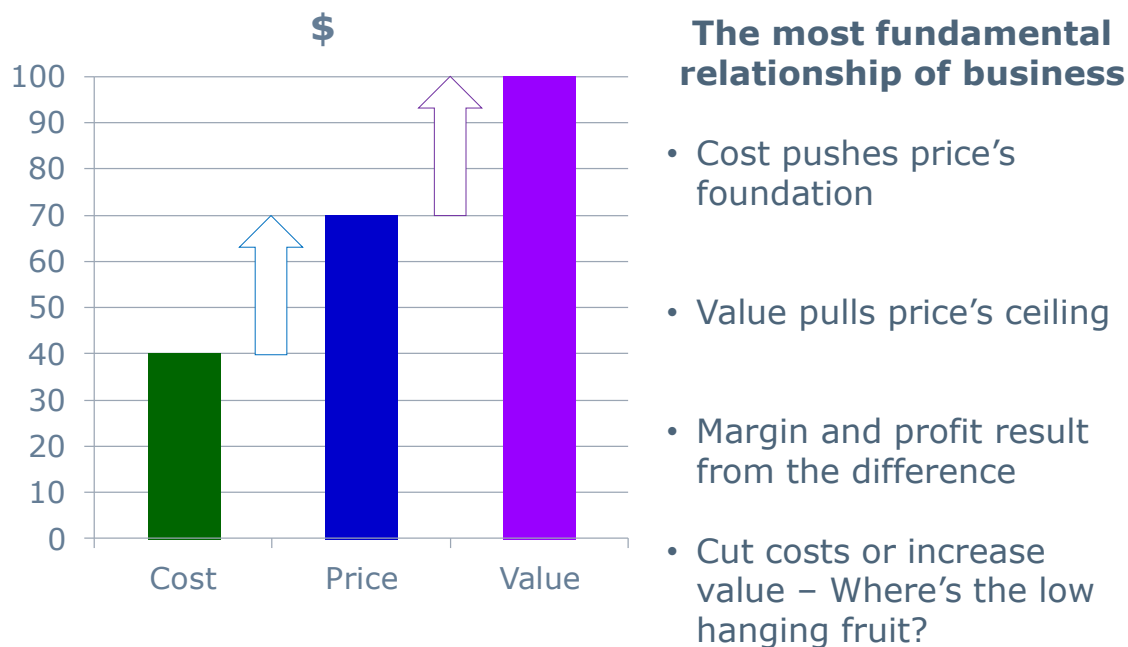
They provided Zip Car as an example. Instead of having lots of areas to focus on, Zip Car developers focused around six items: report damage, keep it clean, no smoking, fill 'er up, dogs in carriers, return on time. This enabled them to succeed.

There are six types of simple rules: Boundary, Prioritize, Stopping, How-to, Timing, and Coordination. These are developed by ruthlessly prioritizing objectives and pinpointing any identified bottlenecks. A critical success criterion for simple rules is to have the users make the rules: get the people who need to follow the rules come up with the rules. And finally, if you can't measure the rule, don't bother.

The key takeaway: "Need to shift the conversation, not the culture!"

Day 2 FEI

Wayne Mackey introduced the track by describing the fundamental relationship among cost, price, and value. Too often companies go aggressively after cost reduction, giving short shrift to value improvement.



MASTERCLASS

2016 Trend Report + Insight Based Innovation

Jeremy Gutsche, CEO of Trend Hunter, continued the themes introduced in his high-energy plenary talk with an equally high-energy mini-exercise applying his concepts to customer desires obtained in a series of increasingly deep interviews around designing a hip new hotel. He illustrated ideation challenges with the question, “What can we do with a paperclip?” The group came up with 15 ideas. Jeremy pointed out a group of kindergarteners usually comes up with 200 ideas because they’re not bound by what they’ve done in the past.

Jeremy went on to give examples of thinking and innovating big, as if the world might change. Where are we going to be in ten years? Jeremy used the example of the French oil executive Pierre Wack, who in 1973 prepared a sideline strategy in case a cartel was created. Don’t prepare for what will happen but for what might be. Think back and then forward about the pace of change in movies. Think of and prepare for the discontinuity in your business.

The group then did some brainstorming about how they might use the needs uncovered in the mock customer interviews to design the hip new hotel. You must be willing to destroy what you have. Ideas included a prison, a coffin, a rock climbing wall in an extreme hotel, a little slum in Rio, a dockside crate hotel, a portable hotel, an underwater hotel, and a Rolls Royce hotel. In hotel services, ideas included in-room massage, artist-designed rooms, pre-cooked gourmet meals, pet spas, glowing hot tubs, bubble architecture, beer spas, and a rain sky shower.

So what do we do with all of these ideas? Cluster them into trends and recognize patterns. Look for trends. State your idea in seven words or fewer – just the headlines

Getting to your overlooked opportunity, narrow it to a smaller box and innovate there. Focus. Then ask: What five factors could lead to your dystopia? What five factors could lead to your utopia? Then take both lists and pick three things to think about. Share and see what overlap occurs.

Moonshot Thinking - Donna Sturgess

Donna Sturgess, executive in residence at Carnegie-Mellon University, presented her insights on moonshot innovation.

She used examples including having Congress members driven in the driverless car rather than just talking about it. Until we press the flesh, it feels like a dream.

So what do you want in a driverless car? Connectivity, an office, a party – we can always stretch further.

Donna pointed out that the interior is underdeveloped when we think about driverless cars, but a customer in the survey said the interior was what they got excited about.

Donna continued by discussing big data and little data and how to use the convergence. Examples included flying fire sensors that can detect a child's heartbeat versus an adult's in a burning building. Think of using sensors for the elderly. 83% of the elderly population is afraid of falling and have a neighbor or staff member checking in on them. Little data can improve the quality of life. A sensor can anticipate a fall. It can monitor your gait and determine if you might fall. Sensors are a growing area of innovation to address these issues.

How are we elevating innovation? We must find the edge in our industry and pursue development. But what kind of future do we want? That's a foundation question that is sometimes forgotten. There are things you can't see until you abandon your worldview. The gap is where original ideas come from.

Our time-line for innovation has to take into consideration the big innovations like Amazon delivering to your house this afternoon with a drone.

What you see affects how you change. Where you look affects what you see. Serve a slice of the future and connect to fresh ideas. Say "I live in the future."

Inspiring Innovation

Kathleen Sheehan, EVP/Global Managing Director, Consumer Life, GfK, presented with **Marla Hetzel**, Director of Innovation, AARP, and **Adreina Rangel**, Sr. Strategic Advisor, AARP.

What are aging people most concerned with? In 2010 the good life was good health, a home, and a good marriage. Now 85% still want good health but financial security is #2. Income inequality is most pronounced in older Americans.

Kathleen, Marla, and Adreina then walked the group through some innovation opportunities around moving existing third-world products to disadvantaged older Americans. They continued with some innovation opportunities to address stress.

About the Track Chairs

Sheila Mello

Ms. Mello combines many years of executive and hands-on experience in product development, hardware engineering, software development, manufacturing, marketing, sales, service, and quality with strong analytical and organization skills. In her work with PDC, she has developed methodologies to deliver measurable value to her clients. She has led dozens of cross-functional teams to institutionalize best-in-class product development and product definition methodologies for faster time to profit and market acceptance. Ms. Mello is recognized as an authority on portfolio management and product definition practices as well as product development process improvements.

Wayne Mackey

Mr. Mackey's expertise is grounded in more than 20 years of hands-on management of large engineering, manufacturing, and procurement organizations. His management consulting focuses on product/service development, especially in areas of collaborative design, metrics, supply chain management, and business strategy implementation.

A natural change agent and leader, he has counseled Fortune 500 companies, major universities (Stanford, MIT, Carnegie-Mellon University), and government agencies in product development, supply chain management, and rapidly implementing enterprise-wide change. He also has worked as a senior scientist, material operations manager, program manager, engineering manager, and systems engineering manager.

About PDC

Since 1990, PDC has helped companies efficiently and predictably build market-winning products and portfolios using customer-centric innovation.