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APRIL 2012 www.thecqi.org

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MEET THE MASTERS
OF INNOVATION

HOW TO GET A JOB IN
RISK MANAGEMENT



INNOVATION

MAKING THE MOST
OF BRIGHT IDEAS



MIND THE GAP (IN THE MARKET)

So, you've got a great idea.
But now what? How do you take
your innovation from the drawing
board and into practice?
QW speaks to two companies
who specialise in
getting new products
to market

The questions and the answers

How do you create an organisation-wide ethos for innovation?

Susan Elliott is managing director of business advisory consultancy, VitalSix:

An innovation culture? A new way of thinking? It's a huge challenge, right? So why do it? Because you want to change and improve your business or your organisation. Because you want to improve your people, improve their involvement and their effectiveness in achieving your overall business or organisational aims.

First, be very clear about what your aim is. What's not working already? What does success look like?

Clio Davies is a product marketing consultant at Innovate Product Design:

The value in innovation can not only set a business aside from its competition but also prevent the competition from being able to compete, by establishing a niche or monopoly from the value their intellectual property (IP) can generate.

One of the most important steps in making sure innovation is embedded within an organisation is to instruct and coach employees on the basics of IP and where it can be found. Although patenting is the most obvious and arguably the most valuable, there is also value to be sought in other forms of IP, both registered and unregistered. Trade marking is one of the most advantageous tools in brand establishment, not just in terms of protecting company names or logos but also in protecting significant colours (ie Dairy Milk purple) and shapes (ie the Coca Cola bottle). It is even possible to protect smells and sounds in the same way. Innovation in how a company chooses to market itself can sometimes prove more valuable than the product or service it is selling.

As an example, ComparetheMarket offers nothing different in terms of its products or services to that of any other price comparison site, but the innovation of the Compare the Meerkat campaign, which has also led to subsequent merchandising, has helped establish the company as one of the leading brands of this industry. This is not through an established reputation due to decades of expertise, excellent customer service or the most cost-effective business model, but simply due to a rather endearing meerkat, and an infectious catchphrase: 'Simples'.



A new idea
without successful
implementation is an
invention"

The fictional company name 'Compare the Meerkat', the acquired domain, 'CompareTheMeerkat.com', the character 'Aleksandr the Meerkat', his name 'Aleksandr' and his catchphrase 'Simples' are all registered trademarks (to name but a few that have arisen as part of this marketing campaign).

But aside from the value held in trademarking and patenting, there is also IP in designs, both registered and unregistered as well as copyright, know-how and trade secrets, all of which may be second nature to an organisation but which hold great value compared to the operations of another. It is identifying and establishing IP at the centre of innovation that should be

part of an ongoing education for any company looking to grow and succeed.

Nigel Biggs, innovation specialist at VitalSix:

An innovation culture is a way of thinking by everyone, a way of coming up with new ideas relating to all parts of the business, of sharing them, sorting them and choosing the best ones for the organisation – and making them work. Everyone has to do their bit for that too.

Miles Cheetham, innovation consultant at VitalSix:

If you set up an innovation department then you send a message that innovation is their job, no one else need worry about it. Other strategies that can help embed innovation are to:

- Set an objective around some form of innovation (even if minor process improvements).
- Applaud, encourage and reward new ways of thinking.
- Make it OK to fail. Support failure. It is part of innovation. Not all 'best' ideas will work in practice. Some will die and some 'barrier people' will say: "I told you so".
- Be positive. Fail as fast as possible to minimise costs. But celebrate what is learned from failure as much as celebrating the successes.

Once you have your innovative product, whether it be a physical product for sale or a new process/procedure – how do keep that momentum going?

Clio: It is very easy to become deterred when bringing a new product to market as there are inevitably setbacks and rejections long before you can establish any real success. The key to avoiding this is largely down to reasoned belief in the product or

service. I say reasoned, as often too much passion for a project can cloud judgement and trigger rejection of constructive criticism, and this can be an integral part of its downfall or limited success. The key to finding the balance ultimately lies in ongoing research, whether this be in establishing intellectual property, conducting market research or developing future growth plans: they are all fundamental to the success of a project and its continuation.

Having a business plan, marketing strategy and growth plan in place will help to keep a project on course and facilitate a means of setting achievable goals to alleviate potential strains that can occur in the development of any product or service.

Similarly, very few organisations can survive off the back of one product or one service – companies that do are often deemed to be not investable due to their limitations and restricted growth. Building towards a second project or subsidiaries and spin-offs will help to shape the development of the former and contribute to a larger ongoing growth strategy to ensure continued momentum.

Susan: You can set up an 'innovation champion' (not an innovation manager, which suggests it's a job that is set apart from the core business). He or she is a passionate, flag-waving, energised, believer-in-innovation and what it can do for your business. An enabler who is able to enthuse, inspire and even cajole others to take action.

And the resource you provide is time. Time for the champion to energise others. And, even more crucially, time for others, for staff, to think about new ideas, to share it, etc. Make staff part of the innovation culture.

Nigel: Allocating time is difficult but think ahead. Imagine the time when innovation, when creative thinking about new ideas is just part of what your people do every day anyway. It's your culture.

Google allows its people 20% of their time to work on their own ideas. A day a week is rather a lot, but start with at least an hour every now and then. All you ask in return is some feedback about their ideas for the business, and for any part of the business – not just theirs. Make sure they all understand your aim – and agree with it.

Once a 'best' idea is generated and evaluated, the champion will help the sponsoring team to get it implemented in your business. Of course, some ideas will meet objections and barriers from people who don't want the change.

Once you have your innovation, how do you take it to market?

Miles: You need to develop a complete proposition:

- How do the features meet customer needs and what are the real benefits (such as it makes life less stressful, or saves you an hour that you can have with your kids, etc).
- How would your target market find out about it? What things do they read and listen to? Who forms their opinions?
- Make sure it can be bought in the places where your customers shop. They won't change their purchasing habits just for you. Think about how you persuade them to move some of their spend from something else and spend it with you.
- Ensure it's easy to set up – works first time every time.
- Get the customer experience

“

Too much passion for a project can cloud judgement and trigger rejection of constructive criticism”

Case study

CHEAP SEATS

Acro Aircraft Seating was set up to create and produce a bespoke short haul aircraft seat. They had previously identified an opportunity to develop and market a seat that was designed specifically for this section of the aviation market, rather than leaving airlines to rely on modifying or refurbishing existing economy seats which, in general, tend to be heavy with complex chassis and construction methods.

With their background in engineering, Acro developed some innovative chassis ideas, while Factorydesign worked on the overall seat configuration, form and construction approach, all with a determination to avoid the layering of components and, where a part was required to fulfil a function, ensure it was designed to be aesthetically and functionally rewarding for the passenger.

Peter Tennent, Factorydesign's director, says: "We have always adopted a collaborative approach to product development, where we

work closely with our customers. Our role is to provoke debate and challenge convention, feeding off the specialist knowledge held by our clients relating to their particular market area. In this case, through many workshops and design reviews, we built on the specialist engineering knowledge within Acro, made suggestions about general construction and material selection, then, taking their engineered solutions, designed the components to create the overall aesthetic solution. This involves the regular exchange of data as the design evolves through a series of refinements that require the data to become increasingly detailed and refined.

Through an assessment and analysis of the first production parts and initial prototype we then complete the final detailing. Even now, with the product flying, there is a continuing process of refinement and improvement as we learn how the seat performs in service."

absolutely right. Make sure it meets expectations.

- How do your customers want to pay – is it on account, up front, subscription, lease, credit facilities, etc?
- How do they get help? What sort of help is appropriate?

The critical thing is to get right into the detail – get everyone involved including sales, marketing, finance, customer support, logistics – a cross-functional team – and then get them to focus on

the parts that are appropriate to them.

Clío: Once an idea has been conceived, the first assessment is essentially in relation to intellectual property, not only in regard to how it can be protected to prevent imitation but more importantly to establish originality and prevent potential infringement – both of which can cause issues if investigated too late into the development of a project.

Once the relevant form of protection

has been identified (namely patenting, design registration and copyright) and comprehensive, global originality searches have been conducted and verified, further development of the idea can take place. This will ensure that any subsequent intellectual property applications are as robust as possible. Although it is possible to amend and edit applications at some stages throughout the process (where patenting is concerned), there are limitations and no new information can be added. It is better to have developed the product as much as possible prior to filing. However, a well-written application will allow for any future changes that may occur through further development which is why it is important to seek professional guidance when writing and filing applications.

In regard to design registrations, there is no leeway on what is protected, in that the design that is filed is the exact design to which protection is attributed. It is essential that the design filed is exactly how the product will look at market. There is, however, unlike with patent applications, a 12-month grace period for prior disclosure.

The antithesis to this is trademarking where protection can be sought and filed at any stage. In fact, it is possible to operate under unregistered trademark rights using the™ symbol before assessing whether official filing will add value, allowing you then to use the® following the mark. Copyright protection is possibly the simplest to assign, with no official registration process but, for many, it is important to officially mark the date of creation, should any disputes arise in the future.

With research and development completed and protection filed, there are a number of ways in which an

organisation could choose to market their innovation. If the innovation is a product of some sort there are three main routes:

- sell the IP rights
- license out the IP rights
- manufacture and distribute.

Selling IP rights outright is often not advisable, particularly if a product is in its patent-pending phase, as it is difficult to properly assess its potential value and, in particular, the value it may acquire over time.

Often, the better alternative is to license out IP rights to a third party: allowing them the rights to manufacture, distribute and advertise the product, in exchange for royalties or other agreed terms. This is not only useful for those without the capital to see their product successfully brought to market but also for those who do not have a reach to other countries or continents and to whom licensing may carry more reward with less risks. Although a licensee is most likely to want an exclusive license in order to obtain an advantage over competitors, licensing agreements can be restricted to certain geographic regions, potentially allowing more than one exclusive agreement to be in place globally. Alternatively, a company may wish to license for 'x' amount of time until they have acquired the investment or skills to take over the project themselves. This is what James Dyson did by first licensing out the technology to Japan and then using capital raised to start his own manufacturing plant here in the UK.

Some organisations have the means and confidence to take a project to market themselves. For some, this is simply part of an expansion process but for others this requires starting up a business from scratch. There are many different challenges that are likely to be

met if looking to take on this process, the first for most being investment. In order to be able to obtain investment, an organisation must have a solid business plan in place, including marketing strategies, costings and projections. There are various avenues of investment to be sought dependent upon the necessary capital usually ranging from business angels, through to venture capitalists and private equity firms. However, other sources of funding have sprung up over the past few years that enable alternative methods of investment. These include crowdsourcing and microfunding, which provide access to finance that was previously difficult to achieve. Similarly, government-led initiatives and grants have also provided a significant way of obtaining funding.

However, in order to be able to accurately create a business plan, an organisation must first have some ideas about manufacturing costs and development plans. Some organisations may have the capacity to manufacture themselves but others need to source an honest and reliable company to take on this part of the business. Finding a cost-effective, good quality manufacturer can, in itself, bring problems. For a number of goods, manufacturing in the Far East can be more cost-effective but an organisation must be vigilant in selecting a fully audited manufacturer with quality control processes that are able to work to British standards. Alongside manufacture, one must also consider import, shipping, tax, transport and storage as well as establishing the best distribution method. For some products, safety testing or certification is required before any distribution can take place and this alone can be costly.

Whatever the distribution method,

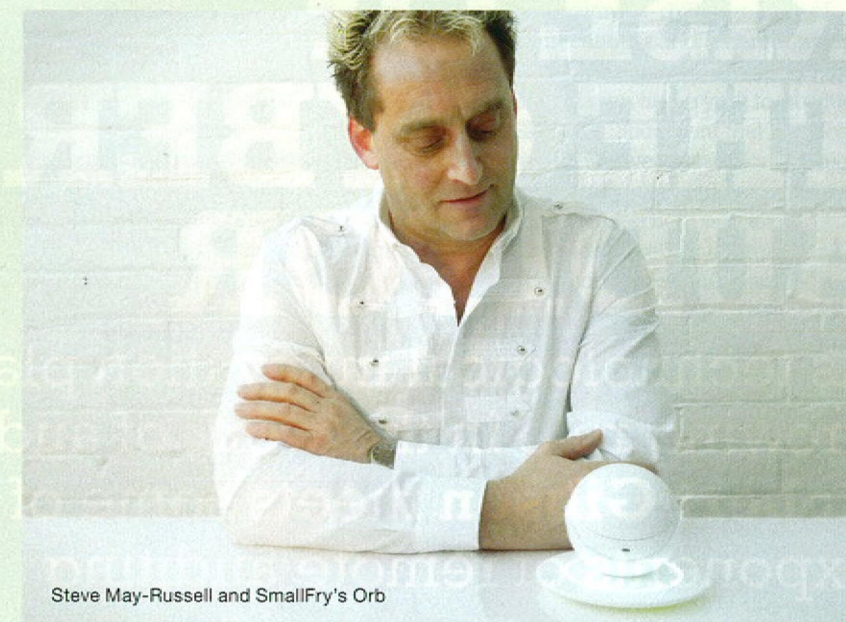
Case study

HOT IDEAS

From the outside it's another red brick Victorian primary school. On the inside, however, the minds at work are busy coming up with the next big thing in innovation. SmallFry was set up in 1971 and has since gone on to create numerous products for a variety of sectors. Managing director since 1986, Steve May-Russell (pictured right), exudes passion for the creative process and certainly knows a thing or two about getting concepts through to market, though nowadays the company helps clients innovate their processes as much as creating new products for their clients.

However, a good example Steve cites is their hugely successful beauty orb which keeps massaging oils and creams warm. The therapist doesn't have to heat up ointments during treatment as the orb maintains the temperature for an hour without any power. "We were recommended to the client through the Manufacturing Advisory Service," Steve explains. "Using our human-centred design processes we analysed the customer's journey (from their perspective) and explored alternative ways we could improve the whole experience."

To Steve and his colleagues at SmallFry, the whole process of commercialising creativity and



Steve May-Russell and SmallFry's Orb

making intangible ideas into physical products that support a brand's core proposition is complex and detailed. "Design is always a balance of compromise. The key to success lies between practicality, desirability and commercial sense. Ideas need to be conceived by experienced industrial designers who understand the limitations of the manufacturing processes available and at the same time possess great powers of vision."

"Meeting or exceeding the needs of your customers is key to the success of any innovation. Good design is all about balancing these compromises. Making good decisions is about trading between: functionality, reliability, consistency,

durability, cost, and good value for money."

For Steve, getting a new product to market is about asking the right questions. At SmallFry they have developed a seven-stage process: market context, strategic focus, range rationale, opportunity prospecting, conceptualisation, definition, and implementation.

"The exponential costs of new product development mean it's vital you stop a flawed proposition as soon as possible. The earlier stages are always much cheaper to fund than the latter. Canning it at concept is far better than a termination after tooling!"

marketing is essential to the success of the product and requires continuous development to make sure the product and the company brand are well established.

Thanks to the advent of social media, free marketing is readily available and should not be missed, however, certain marketing activities that do require investment, such as tradeshow, can

carry equal importance.

A company must establish its target demographic and the method by which they can be reached in order to ensure the success of the product. A product can only be as good as its marketing campaign.

Miles: Cash is always an issue for start-ups. If volume will bring economies

of scale forget about margin – cash is important. Margin will come later: it's just a start-up cost. Too many companies try to get to break even too fast as their cash is limited.

You need a long runway – in the US they recognise this and that's one of the reasons they do so much better than we do in the UK with innovative start-ups that have great ideas ☺