

Innovation Sourcing

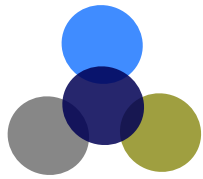
A New Frontier for the Supply Function

Presented by:

Robert M. Monczka, Ph.D.
CAPS Research and
Arizona State University

Brian Christian, BSEng, MBA
DASO Consulting

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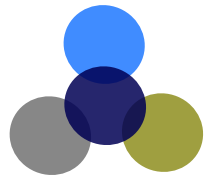


Critical Issues Facing Organizations Today

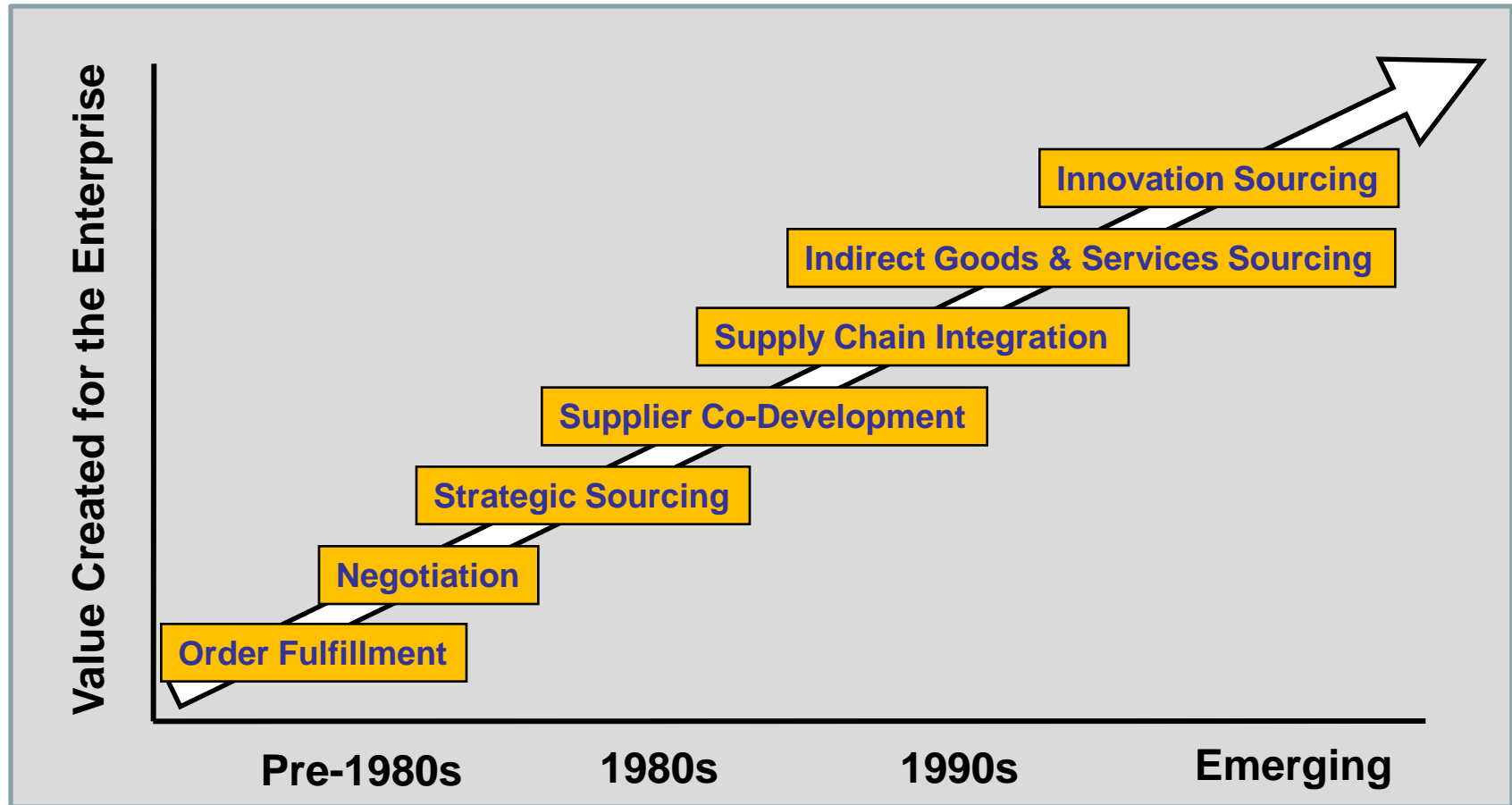
- Worldwide economic slowdown threatening productivity and earnings
- Limited capital availability requiring focus on spending priorities
- Continuing pressure of global competition
- Speed, flexibility and cost reduction challenges

Therefore Companies Need:

- ✓ More internal and external innovation of all types
- ✓ Enhanced innovation capabilities
- ✓ An innovation sourcing focus as suppliers will be asked to provide increased levels of innovation
- ✓ Enhanced role for supply management function



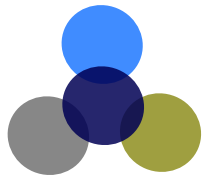
The Supply Function Continues to Move Up the Value Creation Curve



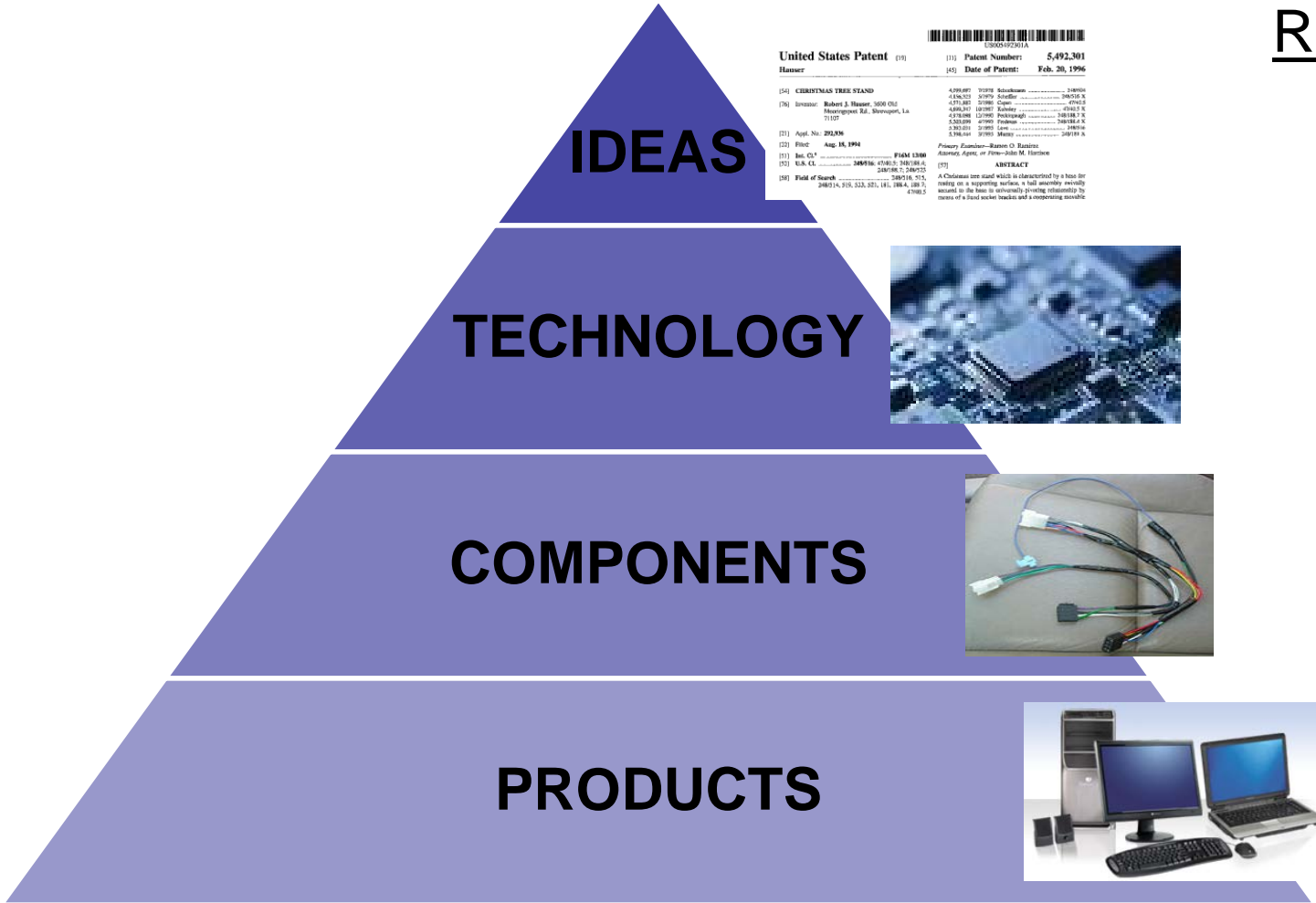


Four Factors Are Driving the Supply Function to a Higher Level of Value Creation

1. Innovation has become a major priority at the senior executive level in most businesses around the world
2. The “open sourcing” model of innovation has become one of the principal themes of the current innovation movement
 - Open sourcing = the acquisition of ideas, technology, products or processes from external parties
3. The supply function has a critical skill set in the “open sourcing” model of innovation....defining and structuring relationships with external parties
4. Extracting real value from other supply function goals such as cost, quality & service is increasingly difficult to achieve



The Hierarchy of *Innovation Sourcing*



Role of Supply
New Frontier

Emergent

Familiar

Familiar

United States Patent (19)

5,492,301

Hasser

111 Patent Number: 5,492,301

141 Date of Patent: Feb. 20, 1996

5,492,301

(54) CHRISTMAS TREE STAND

(76) Inventor: Robert J. Hasser, 2000 Old
Hickorywood Rd., Shreveport, La.
71127

(31) Appl. No. 292,006

(32) Filed Aug. 18, 1994

(33) Int. Cl. F16M 13/00

(35) U.S. Cl. 249/196; 476/2; 540/384.6;
540/386.7; 540/392

(58) Field of Search 249/196, 517,
540/3, 393, 523, 525, 181, 188.4, 188.5,
476/2.5











4,099,897 517/98 Schuchman 428/106
4,186,222 517/98 Stupler 396/24.8 S
4,494,243 181/087 Kuhnley 614/2.5 S
4,571,887 517/96 Cape 476/2
5,533,099 47/995 Fiedman 540/384.6 S
5,702,610 517/95 Lee 428/106
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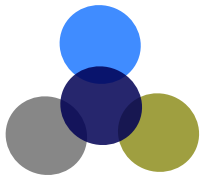
Primary Examiner—Barton O. Eganline
Attorney, Agent, or Firm—John M. Hartman

(57) **ABSTRACT**
A Christmas tree stand which is characterized by a base for
mounting on a supporting surface, a ball assembly axially
aligned to the base in vertically pivoting relationship by
means of a fixed socket track and a cooperating movable

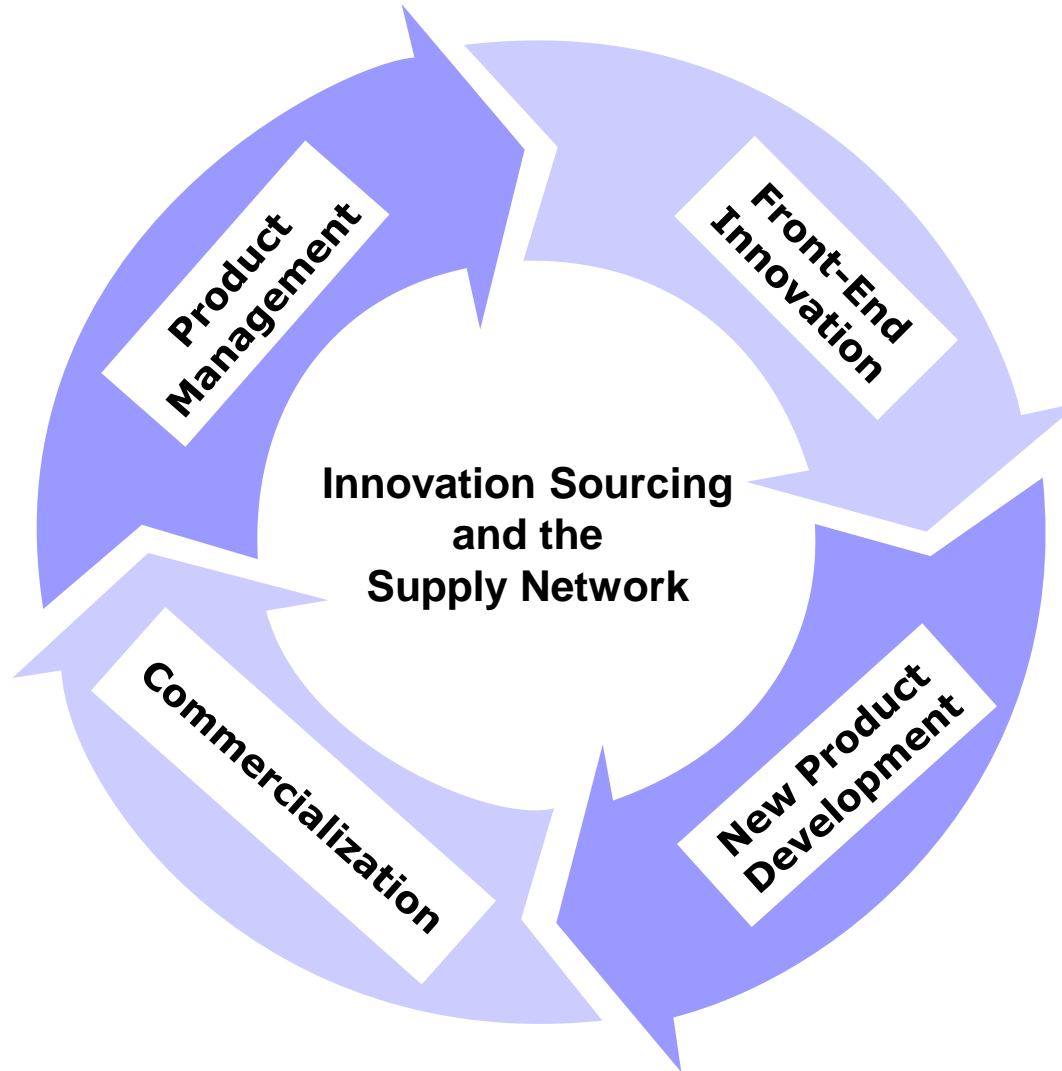


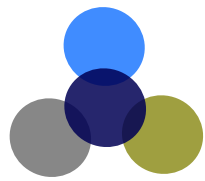
Innovation Sourcing Applies to the Full Range of Levels and Types of Innovation

Levels of Innovation	Types of Innovation			
	Products & Services	Business Models	Operations	Management System
Incremental				
Distinctive				
Game Changing				



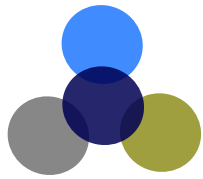
Innovation Sourcing is Also Applied at all Stages of the Product Life Cycle





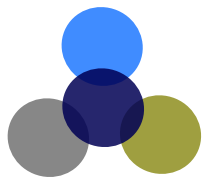
Therefore, Innovation Sourcing Requires an Enhanced Role for the Supply Function...

- Source of product innovation beyond the traditional product development function
- Participant in internal innovation processes such as customer research, ideation, portfolio management and innovation training at all stages of the product life cycle
- Establishing co-development agreements and technology licensing agreements with external parties
- Contracting and interfacing with third party innovation service providers such as Web search services, expert communities, open innovation facilitators



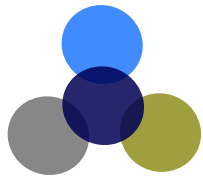
...As Well As New Competencies...

Competency	Definition
Working Cross Functionally in NPD Processes	Interfacing with research, engineering, manufacturing, marketing and sales in product/service development processes
Opportunity Scanning & Acquisition	Resources, tools & techniques for locating innovation sources from around the world
Innovation Capability Assessment	Assessing the ability of suppliers to innovate for you
Innovation Tools	Facilitating innovation workshops with external partners
Product and Innovation Strategy	Communicating to external partners the innovation domains of interest
Supplier Development	Working with external partners to improve their ability to develop innovative solutions



...and New Twists on Traditional Competencies

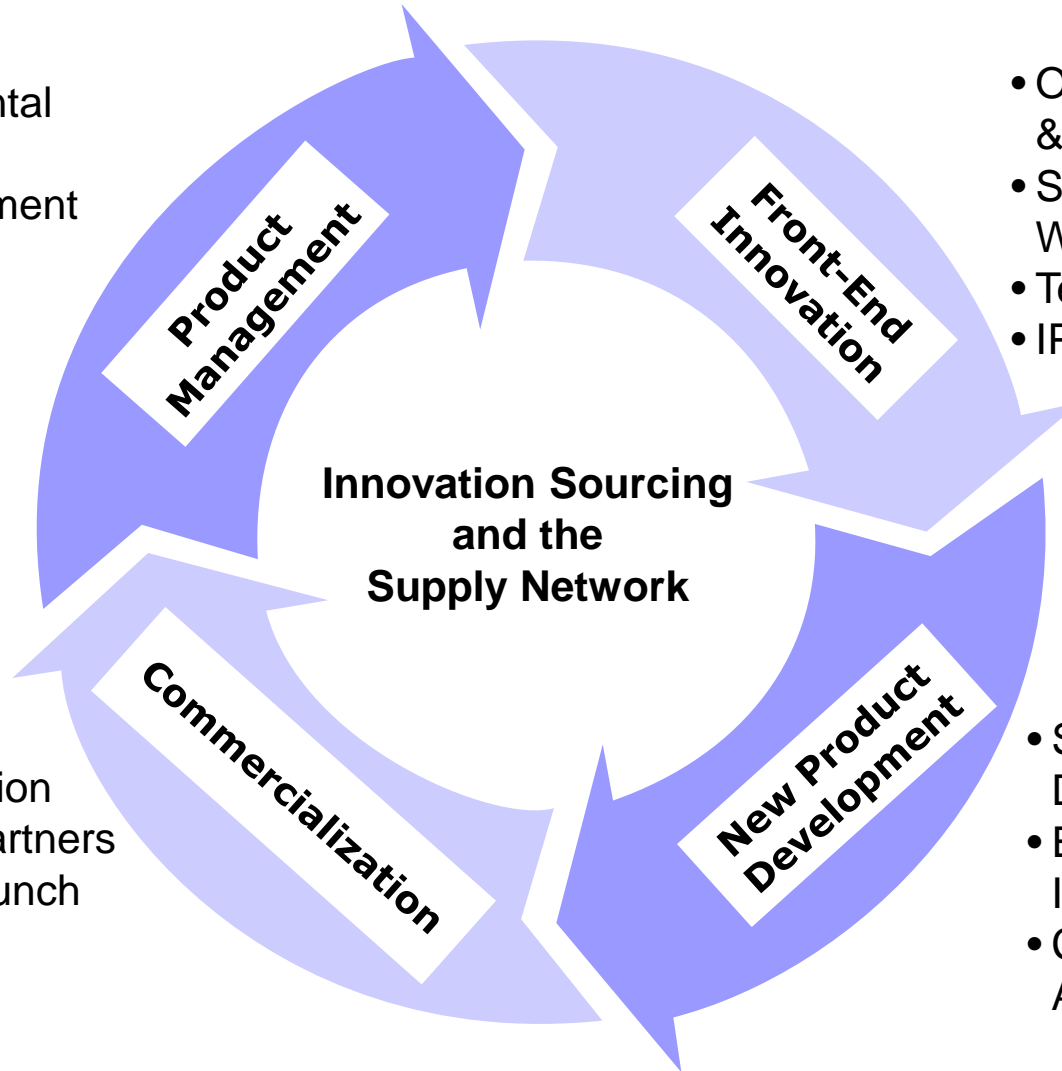
Competency	Definition
Negotiations	Balancing innovation value with more easily measurable metrics such as cost, quality and service
Contract Development	Managing supply commitments, technology licensing and intellectual property rights to ensure fairness
Sourcing Strategy Development	Introducing more innovative supply options into the consideration set
Cost Management	Developing cost models and managing cost carefully is essential in a highly collaborative relationship
Relationship Management	Influencing the innovation efforts of external partners within the overall relationship context



The Role of the Sourcing Function can Also be Cast in Terms of the Product Life Cycle

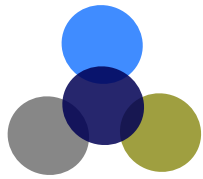
- Ongoing incremental innovation
- Supplier Development
- Relationship Management
- Cost and Quality Innovation

- Launch Coordination with Innovation Partners
- Co-Funding of Launch Investments



- Opportunity Scanning & Acquisition
- Supplier Innovation Workshops
- Technology Licensing
- IPR Management

- Sourcing Strategy Development
- Early Supplier Involvement in NPD
- Co-Development Agreements



A Short-Term Action Plan Will Begin to Boost Innovation Sourcing Results

1. Supply Base Segmentation

identify innovation-critical goods & services and suppliers

2. Supplier Capability Assessment

assess current innovation sourcing capability of innovation-critical suppliers

3. Supplier Innovation Workshops

conduct ideation sessions with innovation-critical suppliers

4. Sourcing Strategy Development

enhance innovation capability of supply base with new suppliers



A Longer-Term Action Plan Will Deepen Innovation Sourcing Capability

1. Internal Capability Assessment

assess current innovation sourcing capability of the entire organization, not just the supply function

2. Enhanced Role of Supply

redefine the roles & responsibilities of the supply function and its relationships and interactions with other innovation functions

3. Opportunity Scanning and Acquisition

establish a supply function capability and competency to routinely identify and attract innovative suppliers and innovative ideas

4. Training & Development

build new competencies and upgrade existing competencies to enable effective management of a more innovative supply base

5. Supplier Development

Invest in the building of the innovation capability of innovation-critical suppliers



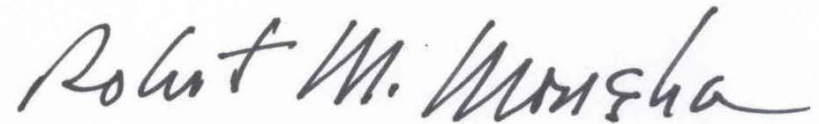
Individual Elements of This Program Can Be Used to Address Specific Challenges

Challenge	Innovation Sourcing Solution
A desire to adopt open innovation but lacking a center of gravity	<ul style="list-style-type: none"> • Enhanced Role of Supply
Earnings are threatened; new cost management approaches needed	<ul style="list-style-type: none"> • Supplier Innovation Workshops (cost-focused)
Critical suppliers are operationally strong but lack innovation capability	<ul style="list-style-type: none"> • Supplier Capability Assessment • Supplier Development
Innovation pipeline or technology roadmaps have a gap	<ul style="list-style-type: none"> • Opportunity Scanning & Acquisition • Supply Base Segmentation • Supplier Innovation Workshops
Inward-looking culture and/or strong not-invented-here bias	<ul style="list-style-type: none"> • Enhanced Role of Supply • Opportunity Scanning & Acquisition
Transactional, win-lose culture in supply management	<ul style="list-style-type: none"> • Internal Capability Assessment • Training & Development
Emerging technology that puts you at a competitive disadvantage	<ul style="list-style-type: none"> • Sourcing Strategy Development



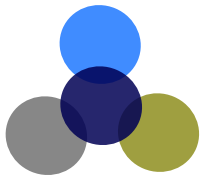
Against these challenges and with these proposed innovation sourcing solutions, we are positioned to provide focused support for your Innovation Sourcing initiatives.

Robert M. Monczka, PhD



Brian R. Christian





Robert M. Monczka, Ph.D.

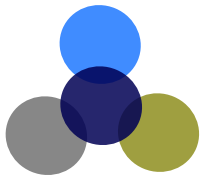
Robert M. Monczka, Ph.D., is *Distinguished Research Professor of Supply Chain Management* in the W.P. Carey School of Business at Arizona State University. He is also *Director of Strategic Sourcing and Supply Chain Strategy Research* at CAPS Research where he leads initiatives focused on sourcing and supply strategy innovation, development, and implementation. Dr. Monczka has published over 200 books and articles. He has also consulted worldwide with leading companies in the Fortune 100. Dr. Monczka has also been the recipient of two National Science Foundation grants to study supply strategy, including supplier integration into new product development. He is also Professor Emeritus, Eli Broad Graduate School of Management, Michigan State University.



For over 25 years, Dr. Monczka has researched, taught and consulted about strategic purchasing/sourcing and supply chain management strategies and implementation processes. He directed and led *The Global Procurement and Supply Chain Benchmarking Initiative*, a “first-of-its-kind” third party benchmarking initiative at MSU, and has been Principle Investigator on two major National Science Foundation projects. He is currently leading major strategy research initiatives determining the next generation of sourcing and supply chain strategies that will lead to 5X to 10X performance improvements. “Accelerating Innovation Through Effective Supplier Collaboration” is one current focus within his research portfolio.

Dr. Monczka’s consulting experience includes purchasing and supply strategy development; supplier integration; benchmarking of best practices worldwide; assessments of sourcing and supply chain strategies, practices and systems; developing and conducting worldwide supplier surveys; and developing and implementing effective human resource development programs in strategic sourcing/supply chain management. He has worked with over 150 firms in varying capacities over the past twenty-five years. He is a frequent speaker at various professional meetings.

He is a member of the Council of Logistics Management and the Institute for Supply Management. He is Contributing Editor on Sourcing Strategy for *Purchasing Magazine* and served as Associate Editor of the *Journal of Supply Chain Management*. He is also the 2008 recipient of the J. Shipman Gold Medal Award, supply management’s highest honor.



Brian R. Christian

Mr. Christian is President and Founder of DASO Consulting, a business management consultancy with a special focus in the areas of product strategy, innovation, product development and sourcing. He possesses 26 years of diverse business experience in marketing, product development and sourcing across multiple industries and geographies and in positions ranging from engineer in a new venture to senior executive in a large global business. His unique ability to create value for clients derives from the combination of practical executive experience and strategic analysis capability. The mission of DASO is to help clients navigate the difficult path of strategy development and strategic transformation.



Prior to launching DASO Consulting, Mr. Christian spent eleven years at Whirlpool Corporation where his last role was Vice President of Global Product Development for the \$1 billion home cleaning category. In this position, Mr. Christian was accountable for overall profit & loss performance and global product strategy for the home cleaning category as well as responsible for several hundred product development engineers in four locations around the world. During his 5-year tenure in this role, Whirlpool made the difficult transition from a traditional cost-focused home appliance company to a company recognized inside and outside the appliance industry as an innovation leader. Mr. Christian's cleaning category introduced a number of important innovations to Whirlpool's brands including the in-sink Briva dishwasher, the drawer dishwasher and the "turbo zone" dishwasher. Prior to this global product development role, Mr. Christian was Vice President of Enterprise Resource Planning for the North American business. His initial role at Whirlpool was Director of Strategy and Planning for the Global Procurement Organization.

Mr. Christian first learned the consulting craft during his five years in Booz, Allen & Hamilton's Chicago office. His assignments spanned multiple industries and multiple strategic areas. His work included a complete global procurement strategy for one of the world's largest international oil companies; an organizational restructuring for one of the largest paper products companies in the U.S.; a manufacturing strategy for a leading casual footwear brand; a new product development process for a prominent U.S. sportswear company; and a sales force effectiveness study for a Canadian publishing company.

Mr. Christian holds an M.B.A. from the University of Chicago and a Chemical Engineering degree from the University of Michigan. He is a Board member at Printek Inc., a privately held manufacturer of business forms printers.