The three best open innovation companies 2012

At the Innovation 2012, one of Europe’s leading innovation conferences, the Dr. Manfred Bischoff Institute for Innovation Management of EADS together with a renowned practitioner consortium elected Henkel, J.W. Ostendorf, and Ravensburger for excellence in open innovation.

The expert jury was formed by Andreas Clausen and Dr. Stefan Biel (Beiersdorf AG), Dr. Grit Enkelmann and Olivier Schneller (Otto Group), Reinhold Huber (Binder + Co AG), and Dr. Heinrich Schäperkötter and Dr. Bruno Scherb (Schaeffler Technologies GmbH & Co. KG). From the scientific side, the study was accompanied by Prof. Ellen Enkel and her team.

Increase of innovation performance within and beyond open innovation

The winning candidates were selected from more than 150 companies from Germany, Austria, and Switzerland, which participated in our innovation study until autumn 2012. Thereby, the central selection criteria was not how much a business practices open innovation, but how systematically and purposefully it does with regard to innovation culture, business model innovation and cross-industry innovation.

Out of the participating companies in the quantitative study, the top 15 companies were asked for interviews based on several objective ranking criteria. Further, case studies, including examples of cross-industry and business model innovation activities were written by Prof. Enkel and her team and delivered to an expert committee for evaluation. In a third step, the top five companies from the anonymous case study phase were selected for a site visit. On the basis of these full-day visits, which took place in September and October 2012, the three winners were chosen. Prizes were awarded in the categories „best overall implementation of open innovation in a large company,“ „best overall implementation of open innovation in an SME“ and „anticipatory open innovation“.

Best practice in open innovation - The winners

Henkel operates worldwide with leading brands and technologies in three different business areas: Laundry and Home Care, Beauty Care as well as Adhesive Technologies. Henkel was founded in 1876 and today, holds a leading market position in the consumer and industrial business with well-known brands such as Persil, Schwarzkopf and Loctite. Both product and business model innovations are of strategic importance, as Henkel regards innovations to be the basis for the company’s long-term success. Today, about a third of Henkel’s turnover results from new and innovative products. In this context, open innovation initiatives meaning the early involvement of external actors in the innovation process play an important role for Henkel.
Excellence in Open Innovation

Prof. Dr. Thomas Müller-Kirschbaum, who is the head of R&D/Technology/Supply Chain of the Laundry and Home Care division at Henkel, sees open innovation as excellent orchestration and option for linking internal and external competencies. Henkel pursues numerous open innovation approaches. Apart from the collaboration with selected suppliers, start-up companies and with an extensive network of university professors, the early and systematic integration of cross-industry innovation partners delivers the greatest value for Henkel. Through the establishment and on-going exchange with the own cross-industry innovation network (including companies, universities, research institutes, knowledge brokers and other competent partners), Henkel has successfully launched a variety of radical innovations during the past years. Furthermore, a targeted monitoring of cross-industry trends regarding new consumer demands is also part of Henkel’s strategic innovation management. For this purpose, creative meetings with consumers and other external actors take place on a regular basis.

Especially in the Laundry and Home Care division, Henkel has systematized its cross-industry innovation approach in order to promote new product development and to incorporate new technologies in another context. Employees, who have a broad experience in predefined target industries, operate as technology scouts to identify technologies in more or less distant industries. These newly identified technologies might then be useful for Henkel’s future innovations.

Through the concept of the so-called “Innovation Days”, all employees at Henkel have the possibility to exchange new findings, knowhow and information about new trends across industry boundaries. Additionally, Henkel invites external partners from different sectors to the company’s „Innovation Fairs“ every six months to discuss relevant future innovation topics and trends. With respect to the long-term documentation of knowledge (incl. cross-industry knowhow), Henkel has set up a comprehensive information technology system. Furthermore, all three divisions have also established a global internal online network, called Innovation Lounge. Here, employees can present and explain new ideas which are evaluated by defined cross-functional experts in a next step. Finally, the best entries will be presented to the top management.

Under the umbrella of Open Service Innovations, Henkel continually develops new business areas in the Laundry and Home Care division. In this context, Henkel has established a new service concept around Persil to strengthen the brand name. This new service concept (or even new business model) has been implemented through partnerships with numerous medium-sized cleaning businesses. In the B2B sector for example, “Persil service” shall address individuals who have little time for doing their laundry at home. Consequently, these individuals can bring their dirty clothes to special service points at the workplace and collect the clean clothes after work. Furthermore, “Wash & Coffee”, which was established in cooperation with the company Bosch, is another service concept with similar objectives.

J.W. Ostendorf is a leading manufacturer of decorative paints and varnishes for do-it-yourself stores, retailers and the industry. JWO covers a broad value chain from the development and production of decorative paints to the marketing at the point of sale. This includes the development and expansion of retail customer brands, so-called „private labels“, as well as its own JWO brands. In all its business processes, JWO emphasizes the concept of sustainability. In 2011 the company employed around 650 people and realized sales of 350 million euros. In the case of brand strategy regarding its retail customers, JWO is not pursuing a me-too-approach, but sets frequent trends in its business segments, with which the company responds to the changing consumer needs. Foundation of the company’s success is the professional innovation management, including a continuous review of the range and development process. Environmental awards such as The Blue Angel, the EU Ecolabel, Nordic Swan and numerous awards by the Stiftung Warentest and Ökotest were achieved for the innovation measures.
To meet the needs of the product’s end user and achieve the highest possible quality level at the desired price-performance ratio, JWO involves the expertise of numerous external partners in its development processes. The use of innovation networks and the cooperation with the commodity industry over the entire value chain provides the company a significant additional value. Cross-linking with partners from other industries enjoys a high priority at JWO. Executives from the research and development department work in different sectoral and cross-sectoral networks and associations, such as the Start-Up cluster Münster or the „Netzwerk Oberfläche NRW“ (surface technology network in North Rhine-Westphalia, Germany). Here, representatives of different sectors such as raw material suppliers, user industries (e.g. furniture), plastic mold makers, manufacturers, universities and research institutions are active. In specific search fields, JWO follows a problem-centered strategy with the aim to identify lead industries which help to solve the problem. JWO integrates the knowledge of external institutions, which accompany the development process on a scientific and analytical way, through creative workgroups. JWO adopts Open Innovation systematically for product innovation as well as for process and business model innovation. In addition, the integration of end users and market operators from the do-it-yourself sector is an important source for innovation. The use of Netnography plays a significant role in the consumer segment. Thereby, specifically relevant forums are followed as well as customer feed-back and customer needs collected and analyzed.

At JWO, Open Innovation is lived and communicated through the culture, structures and processes of the company. In order to develop ideas or to improve existing ideas, the company holds innovation workshops in which own employees, external stakeholders from various disciplines, industries and countries participate regularly. In addition, the company has a suggestion system which employees use regularly to communicate new ideas to the top management. New ideas will be awarded according to their potential for innovation and communicated to all employees within the company.

Business model innovations play a central role in this company. An example for a radically new business model is the „Plug & Spray“-system of JWO’s own brand named „Signeo“. In this case the convenience-based model of Nespresso, which is positioned in the premium segment, served as an cross-industry analogy. To address the needs of the do-it-yourself-user, the enterprise searched for an innovative business model approach and found, through its cross-sectoral search, the Nespresso business model in the food industry. „Signeo Plug & Spray“ is a design-oriented and simple-to-use system, where color cartridges are inserted in a spray pistol similar to the Nespresso capsules. The product idea was realized in cooperation with a leading company in the spray equipment industry and won the „red dot design award 2010“. The games publisher Ravensburger is a leading European manufacturer of jigsaw puzzles, games and activity products. With production facilities in Germany and the Czech Republic, the group also includes a book publisher and other business areas, such as the „Ravensburger Spieleland“ or „Ravensburger Digital“, which develops and merchandises smart phone and online-based games.

Ravensburger considers itself as a premium manufacturer and is ambitious to hold its leading, quality oriented market position in the business of traditional toys, as well as to develop new growth fields by incremental and radical innovations. The company’s philosophy of quality covers in particular the production of elaborate, intelligent and educational plays and ideas which distinguish themselves. In daily business the company strives to ensure that all products express values such as joy, education and community.

Caused by the historical roots as a traditional publishing house, a high willingness to open towards external idea givers is anchored in the company culture. “Open innovation and the long-term cooperation with partners are basic for us”, Clemens Maier, board member of the Ravensburger group, explains. Beside the integration of these inventors, different other partners such as universities or consultancies are integrated. The aim of these projects is not only the drafting of concrete innovation contents, but also a “learning from the partner“ to be able to use the acquired abilities in later projects again.

For Ravensburger, its established industry experiences great change within the classical
play market due to the increasing digitalization. With foresight on this change the company builds systematically on open innovation activities. Here, the innovation strategy is based on three columns „classical board games and jigsaw puzzle“, „hybrid play concepts“ which integrate electronic components, as well as „digital plays“. Especially in the hybrid sector, very successful innovations were launched during the last years. For example, Tiptoi® is an electronic pencil which can be used in combination with books, plays and jigsaw puzzles and extends these with tones and noises as well as interactive plays and learning contents. This innovation was realized together with a developing partner and addresses, with enduring effects, the increasing digitization. The generation of ideas for such innovations occurs through specific integration of external partners and the use of exploratory approaches such as the „Blue Ocean strategy“. Within the same innovation project, other new business and product ideas, which are partly already introduced in the market, were generated. The digital supplement of jigsaw puzzle by the „Augmented Reality contents“, which can be activated by smartphones and tablets, is exemplarily for this again.

To maintain the traditionally open culture and to open and systematize the innovation activities further, a central innovation management was installed four years ago. The innovation management deals with all activities regarding the innovation process, starting with the generation of ideas and ending up with the market launch. In order to define concrete projects and to develop these through a stage-gate-process, the determination of specific innovation goals and innovation strategies belongs to the major tasks. Today, the innovation management consists of two employees who exchange themselves regularly, in so-called innovation and interlinking meetings, with the different business divisions as well as functional departments of the company about current and future projects, consumer trends as well as cross-sectoral plans. Among other things, a defined field of tasks is the linking of the existing offline products with new technologies. Through this institutionalization the sustainable integration of partners for the development of contents and methods as well as the stabilization of an open innovation culture Ravensburger addresses the upcoming change in paradigms in a very farsighted way.