

Expanding the Innovation Horizon

Research and Strategy Services



View from the Top

Arcus Innovation Leaders Series

How business leaders use innovative approaches to shape their strategies.

Maple Leaf's view on the Innovation Imperative: An interview with Ms. Kathryn Fitzwilliam, Corporate Vice President, Marketing Resources. Ms. Fitzwilliam argues that first and foremost you need to make sure that people understand and support a shared objective. Secondly, employees need to understand how their business goals and their contributions can be helpful and supportive of that overall objective.

If innovation is one of the biggest challenges companies face, how do senior executives build the innovation engines they need to generate the products and overall business environment to keep new things coming? How do they know where to focus their resources and management efforts? Arcus' multi-industry survey of senior executives, conducted with the Canadian Marketing Association, found that of all the challenges companies face in this area, the biggest challenge is finding ways to create a "climate for innovation". Most executives agree that innovation should be a shared responsibility—something everyone should participate in. But employees can't innovate unless managers empower them to do so.

As Arcus research indicates, executives around the world increasingly recognize that the creation of long-term shareholder value depends on a corporation's ability to understand and respond to consumer demands for innovation. No surprise, then, that the topic of innovation has been gaining ground as CEOs seek to incorporate the innovation imperative into their assessment of a company's long-term value.

"The downfall of many companies is that they are unable to clarify what innovation means to their company and what focus or direction the innovation should take."

▣ *How has Maple Leaf Foods leveraged innovation in its business operations?*

In Canada, Maple Leaf Foods is undertaking two things with respect to innovation. First, we are re-envisioning the strategy of the company. This is a previously announced fundamental strategic shift for the company. The organizational shift from focusing on being a commodity exporter to re-envisioning ourselves as a value added packaged foods business.

This means there are broad innovation opportunities that may not have been realised in the past. The envisioning of the strategy has led to operational and organizational changes but has also led to a platform for directionally how our various business units should be thinking about innovation. The lesson learned there is innovation is only relevant and successful when it falls out of corporate strategy. It is not an end in itself. Giving innovation a context and meaning is important.

▣ *What are the common pitfalls of innovation today?*

The observation I have is that the downfall of many companies is that they are unable to clarify what innovation means to their company and what focus or direction the innovation should take. They need to start with an overall business strategy that says here is where we want our business to be and thinking of innovation within that context. It's a strategy, not a tactic.

“The envisioning of the strategy has led to operational and organizational changes”

Secondly, we are looking at our resources and adjusting them accordingly to be able to succeed at innovation and specifically, the most high profile change we are making is we are building an innovation centre scheduled to open in 1st quarter 2009. It is product development and marketing education and innovation centre that will bring together various people from our business units to drive innovation.

We are building it for couple of reasons. Firstly, we want to upgrade and standardize our innovation capabilities so that we have state of the art facilities that all our businesses can take advantage of. Secondly, we are bringing together participants and representatives from all our business units so that we can ensure an appropriate level of collaboration. One of the issues around innovation whether in marketing or product is companies tend to work in silos and there are enormous opportunities for commercially successful innovation if you can span those silos and get people to share capabilities and activities.

✦ *How has your organization created and promoted a culture of innovation?*

First and foremost you need to make sure that people understand and support a shared objective. Secondly, I think people need to understand how their business goals and their contributions can be helpful and supportive of that overall objective. And then you need to incent and reward them accordingly for the kind of behaviour that you want. Its very well and good to create a collaborative playground but if they are not incented to do so and given a clear mandate to do so, then it will not happen.

From a Maple Leaf Foods standpoint, the two broad activities we have undertaken to support innovation have been to gain alignment around a strategic shift at the company. We do internal polls yearly on employee engagement to help us understand how connected people are. Our management gets high marks for *“we understand the strategic shift in the company and we support it”*. So people are aligned. And then you create the infrastructure to support it.

✦ *What inspired Maple Leaf Foods to create the innovation centre?*

A part of Maple Leaf Foods’ innovation strategy is the recognition that we are an adaptor of ideas around the world. Unlike some global companies that invest in primary research and development, we search the world for great idea and adapt them to our business model and business requirements. It became clear that food companies around the world have innovation centres.

What we are building will be the first of its kind for the Canadian market place that some of our competitors and peer companies already have. That started the investigation to understand the business requirements of our marketing, innovation and product development teams and also to understand what our customer needs are and then we did an audit of other companies innovation centres to understand best practices and to learn from companies that have these centres.

✦ *Who has done it well?*

A lot of companies have done it well. What we learned was that every company has chosen to build a centre that is different from all others. There was significant variability in what the facilities looked like, what equipment and approaches were used within the physical structure. Those differences clearly reflected the strategies and cultures of the companies that built them. We learned from a lot of places. One of the innovation centres that comes to mind is the new P&G innovation centre in Pittsburgh. In our case, we looked at a number of innovation centres and chose the best features and put them together in a particular way.

“Our processes reinforce collaboration to make the environment friendly and create a sense of community.”

▣ *What did you learn from these global innovation centres?*

One of the things we learned from a number of centres was that if one of our strategic goals is to reinforce collaboration from across business units that we needed to design the physical space that even in its most mundane activities promoted collaboration.

For example, nobody gets their mail delivered to their desk at the Wrigley's innovation centre. They get their mail out of a mail slot. This encourages people to interact more often. That shows you can take the most mundane of activities to create the behaviour that you want. We focussed on spaces that create a sense of campus and collaboration. We created spaces for people to bump into one another. Connected to that would be the notion that our central development kitchen is one large space with no walls in it.

The second area, from an interior design perspective, was to use of openness, light and comfortable and welcoming furniture and furniture placement to create a sense of community.

Third, the tone created by the physical place can signal a lot about the company and its direction. In many of the innovation centres we visited were physically so new and different that, they were revolutionary for the companies that they provided for. Employees were lining up to work there. You can create that buzz, excitement, and optimism and drive within the employee community if you create those kinds of experiences.

▣ *Who manages the Maple Leaf Foods innovation centre?*

A collection of product and innovation employees from our various business units manage the innovation centre. In addition, there are a dozen operational and shared services function whose job it is to ensure the think food centre operates with excellence is connected with the culinary, food world and with customers.

Our processes reinforce collaboration to make the environment friendly and create a sense of community. Beyond being a product facility we see it becoming an education facility, It will also be an online library as well as a physical space. We will also have chefs on staff whose responsibility will be to stay connected with the external culinary world to build insights with our employees as well as customers.

▣ *What will be the tangible impact of the innovation centre over the next 5 years?*

First, bigger and better product ideas and concepts in fundamental adjacent categories- truly new products that reflect category competencies, manufacturing capabilities and skills. These will be bigger and better ideas that prove themselves as commercial successes.

Second, a better understanding of consumers and the global development world. It will help us reach out into the global market place for ideas.

Third, its going to be pivotal in our cultural and capabilities shift as a packaged foods company. We have been very successful selling commodity products globally. The transition for the company is from commodity products to brands. The bridge from one to the other is the innovation centre. It is the epicentre of the transition. The innovation centre's success is driven by two objectives:

- Create a best practice repository of information, education and training
- Elevate the culture of the organization so that every one thinks innovation as a part of their individual agendas

▣ *What does the concept of "Think Food" represent?*

We were looking for a name that would excite people, and was consistent with our corporate positioning of *"Passionate People, Passionate about Food"*. And we were trying to think of a name that would signal the cultural shift but also literally reflect the two sides of what we think will go on into the innovation centre. The "think" side of "Think Food" encompasses insights, understanding and trending of conceptual work. And the "food" side represents our commitment to create delicious products that consumers would want to buy. This ladders up to profitable brands that are more engaging to customers in the long term. This is critical to our shift in direction and our mission to become a globally admired value added meat and bakery company. The innovation centre is a catalyst and an enabler for that kind of a shift.