



CASE STUDY

## **Innovation Playbook™**

Monetizing Sustainable Technologies:  
A Paradigm Shift in How to Build Products



A new product's journey from beginning to end can last a decade, but when an innovation is successful, it has the power to boost efficiency and improve business across multiple industries.

Our client, a leading B2B manufacturer, is extremely passionate about innovation. It makes great efforts and investments in the field of R&D to provide its customers with more sustainable solutions for the future. Every year, the organization spends significant funds, countless hours, and brainpower in innovating new product and service offerings for its customers. The company is a top manufacturer when it comes to innovative, value-added technologies.

However, despite a strong and full commitment to innovation, not all of the company's products were able to reach their monetary targets, and struggled to achieve the expected monetary rewards. For our client to remain a market leader and ensure resources for product development now and in the future, investments needed to start paying off.

Thanks to a longstanding relationship with our client, as well as our thought leadership on monetizing innovation, Simon-Kucher was the perfect partner to support in redesigning the commercialization process from idea generation to market launch. We helped to improve the innovation process, building products around the price so that customers would not only fall in love with their innovations, they would be willing to pay for them too.

## Objectives

Extremely long innovation processes are well known in the manufacturing industry. A lot can happen in a decade, and achieving a strong return on investment over such a broad timeline is a major challenge. Our client not only strived to improve its innovation process in terms of revenue generation, but also in terms of time-to-profit and time-to-market.

A great starting point was the book *Monetizing Innovation*, written by Simon-Kucher experts. In a practical, nine-step approach, authors Madhavan Ramanujam and Georg Tacke distill the lessons of thirty years and over 10,000 projects.



### Old Paradigm

“Design it, build it, price it, market it”



### New Paradigm

“Market it, price it, design it, build it”

Based on these insights, our client was convinced it was time to leave the old paradigm “design it, build it, price it, market it” behind. The objective was to redefine the innovation process from beginning to end with a clear vision, the right organizational structure, and a stronger focus on customer needs. The team also had to overcome a series of challenges:

- The innovation process involved many different departments, and their preferences and involvement levels needed to be carefully balanced.
- Due to lengthy innovation processes, there were no existing measures to track the performance of an innovation in the short term.
- Commercial and financial data on the launches of previous innovative products was lacking

“The biggest challenge with our client’s innovation process was that the impact of decisions wasn’t immediately visible. Without being able to test and learn, R&D was under immense pressure to get it right first time.”

Mert Terzioglu, Managing Partner

## Approach

### Phase I: Audit

 <p><b>Management interviews &amp; scorecard results</b></p>	 <p><b>Internal innovation document review &amp; deep dive into selected products</b></p>	 <p><b>Customer interviews &amp; surveys</b></p>	 <p><b>Simon-Kucher benchmarks</b></p>
<ul style="list-style-type: none"> <li>▪ What are the current pain points?</li> <li>▪ How does each level and each department assess current performance for separate activities?</li> </ul>	<ul style="list-style-type: none"> <li>▪ How comprehensive is the current innovation process?</li> <li>▪ Who are the parties involved at each level?</li> </ul>	<ul style="list-style-type: none"> <li>▪ What are the main strengths and weaknesses in terms of new product development?</li> </ul>	<ul style="list-style-type: none"> <li>▪ What are the best examples from Simon-Kucher's project/client portfolio related to the client's pain points?</li> </ul>

### Phase II: Solution Development & Implementation

We gained internal buy-in by involving all departments, including Marketing, Sales, IT, HR, and Management. In addition, to incorporate the external perspective, we conducted 1-1 interviews with different departments of our client's customers to understand and resolve any perceived weaknesses. This ensured the recommended solutions and structures would be both internally and externally clear, implementable, and easily integrated into the organization.

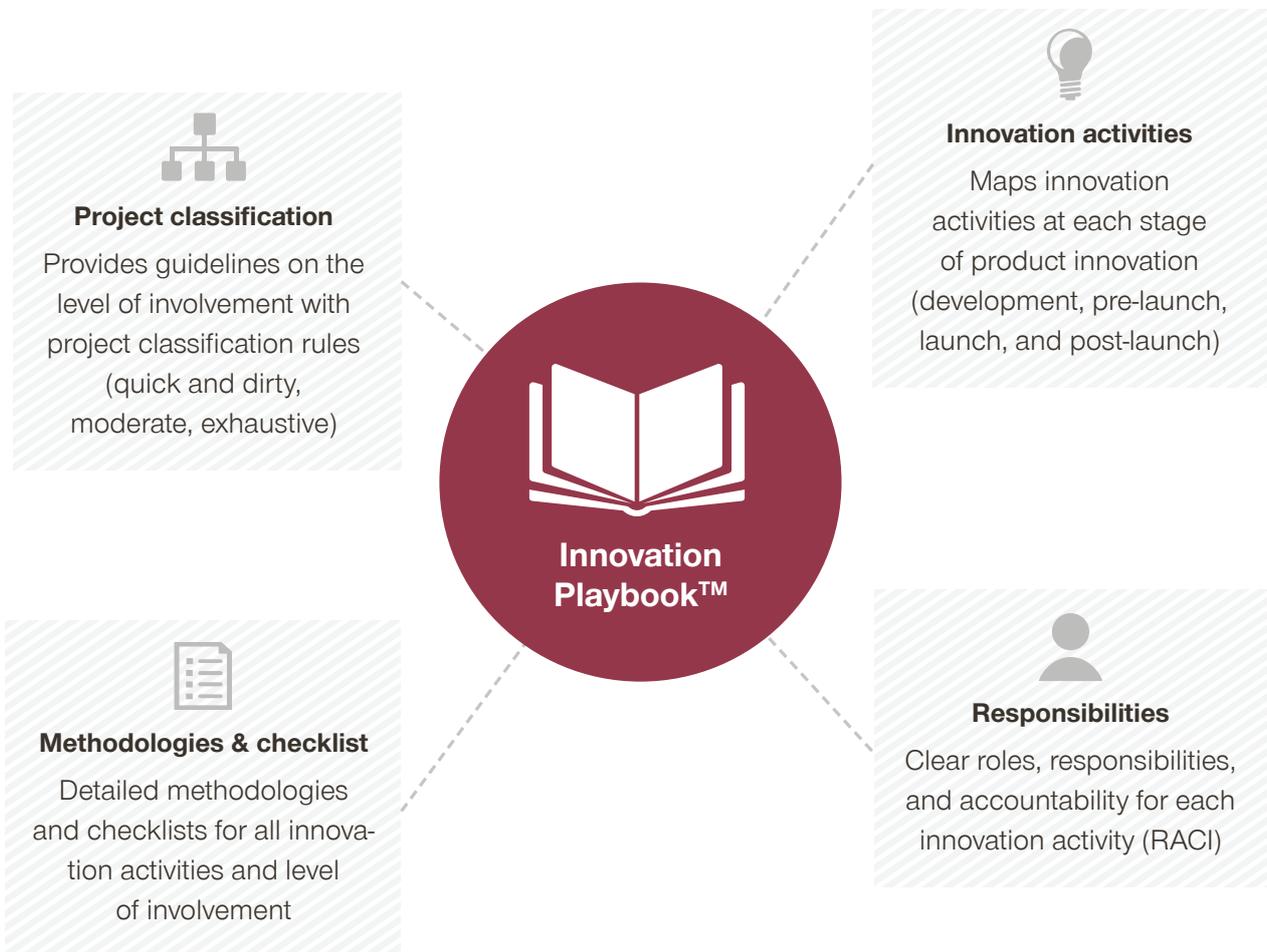
Once we had developed the ideal solution, we held regular monthly innovation meetings with the steering committee to help our client properly implement and integrate the process into their daily business. A neutral manager (not directly reporting to any of the conflicting departments) was assigned to oversee the overall innovation process, including implementation in IT systems to ensure a user-friendly environment.

“Simon-Kucher understood all requirements and resolved any P&L conflicts between our teams. Interviews with our customers, cross-departmental workshops, and alignment meetings with the steering team were all structurally designed and facilitated by Simon-Kucher and used to drive the perfect solution.

Client

## SOLUTION

The result of this close collaboration was the **Innovation Playbook™**, a tailor-made and comprehensive manual to guide our client’s employees on how to extract full value from innovations at every stage of the process.



With our new Innovation Playbook, we now price products early on in customer meetings, and kill products with unpromising value. This new process means we use our people and monetary sources to create higher value projects and products. Our customers are now approaching us to learn more about how we manage our innovation process, as they would like to use our model as a benchmark.

Client

## Impact

### We put the Innovation Playbook to the test

The Playbook breaks down innovation activities into 8 different categories. By applying a scoring system for each activity, employees are now able to measure success at every step of the innovation process. To test our concept, we evaluated our client’s major innovations using the developed scorecard.

The results were clear:

**We immediately identified a correlation between the implementation of the Playbook’s recommendations and an innovation’s success on the market.**

### Example of two assessed innovations\*



\*Examples anonymized due to confidentiality reasons.

## Impact

### Implementation of Innovation Playbook vs. success in the market



#### Evidence-based recommendations

The analysis of our client's innovation products, along with the excellent feedback we received from our client, confirms that a Monetizing Innovation project is a highly effective way to:

1. Fully monetize an innovation's potential
2. Dramatically reduce the time-to-profit
3. Communicate and charge for value-added services

Does your company also need to assess its innovation process? **Then reach out to our experts!**

“ We were spending immense time and resources on innovation, only to finally realize that we could not monetize the product. Now, we know the market price and potential value before design. We've even started negotiating and charging prices for product samples – previously sunk costs of dead projects. Simon-Kucher showed us how to monetize our new products and the services we delivered.

Client

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### About Simon Kucher

For over 30 years Simon-Kucher & Partners has been helping hundreds of clients around the world address their strategic and marketing challenges. We are regarded as the world's leading topline advisor and thought leader. We have served more than 100 of the Global Fortune 500 companies and our clients come from all major industries.

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