Applying “Value Innovation” Methodologies to Transform a Commodity into a Breakthrough

Types of Innovation?

- Continuous
- Customer Centric
- Discontinuous
- Disruptive
- Dynamically Continuous
- Incremental
- Management

- Open
- Outcome Driven
- Radical
- Stage-Gate
- Strategic
- Technology
- Value
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<tr>
<th>TERM</th>
<th>DEFINITION</th>
<th>PROPONENTS</th>
<th>EXAMPLES</th>
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<tr>
<td>Customer Centric Innovation</td>
<td>Innovation that focuses on the customer for the product or service</td>
<td>Eric von Hippel</td>
<td>Apple, Bank of America, P&amp;G</td>
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<td>Disruptive Innovation</td>
<td>A new technology that enables higher value solutions to a customer group’s problems and disrupts the existing marketplace</td>
<td>Clay Christensen</td>
<td>P&amp;G</td>
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<td>Innovation</td>
<td>Many variations on a theme of doing things differently, being creative, coming up with new ideas.  {The word innovation is overused and misunderstood.}</td>
<td>Many CEO's</td>
<td>IBM</td>
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<td>Management Innovation</td>
<td>Establishes “Ten Rules” for bubbling up billion dollar ideas.  [These “Ten Rules” were the foundation of the Ten Principles used to develop the Value IQ Instrument by RoR 99-7  {VI-1} at the Industrial Research Institute]</td>
<td>Gary Hamel</td>
<td>Fresh Express, ITW, Shell, Virgin Group</td>
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<td>Open Innovation</td>
<td>Innovation efforts extend beyond the organization reaching out to SME’s, Universities, members of the public, etc.</td>
<td>Henry Chesbrough</td>
<td>P&amp;G, Solvay Advanced Polymers</td>
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<td>Outcome-Driven Innovation</td>
<td>An 8-step innovation methodology is focused on devising and positioning solutions that address unmet customer needs. Steps 1-5 are dedicated to identifying hidden opportunities that exist in new or existing markets. Steps 6-8 focus on using those insights to leverage advantages of current products.</td>
<td>Tony Ulwick</td>
<td>Bosch, J&amp;J, Microsoft, Rohm and Haas</td>
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<td>Radical Innovation</td>
<td>How traditional corporations build the radical, innovative capabilities of start-ups. Defines the new managerial competencies firms will need in order to outsmart upstart challengers and the patterns through which game-changing innovation occurs in established companies</td>
<td>Gina O'Connor, Mark Rice</td>
<td>GE, P&amp;G, Texas Instruments</td>
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<td>Stage-Gate Innovation</td>
<td>Disciplined process to move from ideation to commercialization</td>
<td>Robert G Cooper, Scott Edgett</td>
<td>Ansell Healthcare, Owens Corning, Parker Hannifin, Timex</td>
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<td>Strategic Innovation</td>
<td>A fundamental reconceptualization of what the business is about, which in turn leads to a dramatically different way of playing the game in industry</td>
<td>Costas Markides, Vijay Govindarajan</td>
<td>Schwab, Intel, Kresge/KMart</td>
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<td>Value Innovation</td>
<td>Delivering exceptional value to the most important customer in the Value Chain</td>
<td>W Chan Kim, Renee Mauborgne, Gary Hamel, Dick Lee, Costas Markides</td>
<td>Chevron, Cirque de Soleil, Hussmann, P&amp;G, RE/MAX Intl, Samsung</td>
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Richard K. Lee, Industrial Research Institute Emeritus (Johns Manville) and President/Founder, Value Innovations, Inc.  
March 8, 2008
Instructions for use

1. Wash hands and put on non-sterile gloves
2. Remove existing dressing materials, discard
3. Remove and discard non-sterile gloves
4. Wash hands again
5. Open package
6. Put on face mask and gloves
7. Open towel and establish sterile field
8. Measure and note length of exposed catheter
9. Clean/disinfect catheter site w/alcohol swabs
Instructions for use

10. Use iodine swabs to further disinfect site
11. Apply gauze on site as needed
12. Apply skin protectant around periphery if needed
13. Apply transparent dressing
14. Further secure dressing by applying tape as needed
15. Remove gloves
16. Discard used materials
17. Wash hands
Medical Procedure Kits

Step #3: Identify Most Imp. Customer

Component Manufacturer

Kit Manufacturer

Distributor

Hospital Purchasing Agent

Health Care Professional

Patient
Questions to help identify the Most Important Customer(s)

1. If there’s a problem/issue with the product or service, who is responsible for taking the action required to rectify the situation?

2. Who stands to lose the most financially if there’s a problem/issue with the product or service?

3. Who is the most likely to recognize the value provided by the product or service?
Case Study

Step #4b: Define “Issues” with Current Products

1. Cannot package used, contaminated materials
2. Risk in leaving patient to wash hands while catheter site is unprotected
3. Towel difficult to open with hands gloved
4. Towel sometimes slides around
Case Study

Step #4b: Define “Issues” with Current Products

5. Components sometimes out of order

6. Components sometimes roll or fall off of towel and out of sterile field
   - Must get new kit to replace “lost” component → 2X COST!

7. Antiseptics can be used out of order
   - Breakdown in procedural compliance
Case Study

Six Questions to achieve a Value Innovation

1. What element of performance or service should we decrease the value provided, or eliminate?

2. What element of performance or service should we increase the value to the nurse?

3. What new element of performance or service could we introduce?

4. Do these changes make the value proposition for the Nurse compelling?

5. Is this position unique?

6. Can we defend this position?