Top Stories

Industry leaders share key insights on product innovation

February 8, 2013

By Alyssa Sowerwine

ORLANDO, Fla. — In an ever-changing marketplace, it can be tough for companies to keep up with the latest trends and make their products stand out. Successful innovation may not take the same path from one company to the next.

At a general session during last week's International Dairy Foods Association Dairy Forum 2013 in Orlando, Fla., representatives from three dairy companies shed some light on strategies that work and pitfalls to avoid as companies consider innovations.

Leading off the session — "Strategies for Innovation: Keyhole or Black Hole," moderated by Mike Neu, senior vice president of cultures and enzymes at Chr. Hansen Inc. — Barry Calpino, vice president of global breakthrough innovation, North America, for Kraft Foods Group, noted the challenges of innovating when one is a company of Kraft Foods' size.

Calpino says in some ways Kraft is a "brand new company," noting that Mondelez International Inc., formerly Kraft Foods Inc., last fall completed the spin-off of its North American grocery business, Kraft Foods Group Inc. (See "Mondelez completes spin-off of Kraft Foods" in the October 5, 2012, issue of Cheese Market News.)

"We're like a $19 billion startup. We say we were made in 1903 and re-made in 2012," Calpino says. "We have the spirit of a startup but the soul of a powerhouse."

He says this two-pronged approach to innovation, or what he calls an "innovation funnel," allows the company to foster many ideas with the spirit of a startup in creation and development while at the same time using its "soul of a powerhouse" to execute only the very finest ideas.

"We have several products launched by a small entrepreneurial group but with a powerhouse approach," he says. "If you try to develop innovation like a powerhouse, the odds are you're not going to have great ideas to go to market with. That's the challenge when you're big because being big can work against you. How do you make sure you keep the spirit of a startup alive for all those innovation teams early on?"

Calpino cites as a success the launch of Kraft's Velveeta Cheesy Skillets, developed by a small entrepreneurial team and launched in a powerhouse way with customers and consumers.

Patience and the ability to think long term also are important attributes, says Kristi Jankowski,

senior vice president of innovation at Sargento Foods Inc.

"Innovation is time and resource intensive," she says. "Successful innovators stay the course under adversity; the failure rate for innovation is high."

Jankowski says a successful business structures the organization to facilitate innovation and fosters a culture where uncertainty is okay, with a focus on managing risk and exposure.

"The key to managing risk is managing exposure," she says.

She notes that an effective innovation strategy positively impacts success rates, saying studies show that little or moderate strategy may yield a 40-50 percent success rate, while a clear, visible strategy yields a success rate closer to 65 percent.

Rich D. Draper, CEO and co-founder of The Ice Cream Club Inc., also offered insights. The Ice Cream Club is a manufacturer and distributor of more than 100 ice cream flavors, focusing mainly on wholesale.

"I think our approach to innovation is pretty straightforward; we study the competition, try to figure out what they can't and won't do, and then we go forward on those items in our effort to survive," Draper says.

"We'll never be the low-cost producer so we focus on value-added products, hard-to-make flavors and multi-ingredient flavors," he says. "But we still fill our tubs, one tub at a time, hand-filled, to replicate the artisan style we started with."

Draper says when the company first started, one of its primary challenges was separating itself from the competition. The Ice Cream Club worked to become a one-stop shop for products to differentiate itself in that area, delivering and producing its own products.

Another challenge is keeping "the indulgent product line relevant" in the ice cream business, which the company does by using less colorants, cleaning up its label, focusing on its no-sugar-added and reduced-fat products, all in an effort to attract up-and-coming generations, he says.

"We utilize a team approach for innovation; all department heads are involved. Some of our best ideas come from our rank-and-file members," Draper says. "Because we're a smaller company, we have direct contact with most aspects of our business, and we have an unfiltered contact with our customer base."

Jankowski noted that as a family-owned company for 60 years, innovation is part of Sargento Foods' heritage.

"New products are a significant part of our growth," Jankowski says, noting this is due in large part to the company's leadership team of Lou and Louie Gentine, chair & CEO and president & chief customer officer, respectively.

"They are passionate about their work and are personally interested in the company's innovation," she says.

Jankowski notes that other keys to innovation leadership include being curious and inquisitive, and willing to experiment.

It's also important to heed consumer and customer insight, Jankowski says.

"For example, if you sell glasses, your customers don't really want glasses; they want to see better," she says. "Ask yourself: Are you selling what you can make, or are you selling what people want?"

In order to find insights to drive innovation, companies should follow "lead-users," or what Jankowski describes as inventors who solve their problems because they have not been solved yet.

It is also important to watch the behavior of consumers and customers, she adds.

"Identify your targets, get close to them and understand their decisions within their experiences," she says.

Jankowski concluded by noting key innovation fundamentals include a leadership mindset and structure to facilitate innovation; making innovation a strategic focus; not losing sight of determining what consumers and customers need; and having the environment in place to create the solutions.

CMN