



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

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Handouts



Definitions

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



INNOVATION - GLOSSARY OF TERMS

TERM	DEFINITION	PROPONENTS	EXAMPLES
Customer Centric Innovation	Innovation that focuses on the customer for the product or service	Eric von Hippel	Apple Bank of America P&G
Disruptive Innovation	A new technology that enables higher value solutions to a customer group's problems and disrupts the existing marketplace	Clay Christensen	P&G
Innovation	Many variations on a theme of doing things differently, being creative, coming up with new ideas. {The word innovation is overused and misunderstood.}	Many CEO's	IBM
Management Innovation	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-I} at the Industrial Research Institute]	Gary Hamel	Fresh Express ITW Shell Virgin Group
Open Innovation	Innovation efforts extend beyond the organization reaching out to SME's, Universities, members of the public, etc.	Henry Chesbrough	P&G Solvay Advanced Polymers
Outcome-Driven Innovation	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.	Tony Ulwick	Bosch J&J Microsoft Rohm and Haas
Radical Innovation	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	Gina O'Connor Mark Rice	GE P&G Texas Instruments
Stage-Gate Innovation	Disciplined process to move from ideation to commercialization	Robert G Cooper Scott Edgett	Ansell Healthcare Owens Corning Parker Hannifin Timex
Strategic Innovation	A fundamental reconceptualization of what the business is about, which in turn leads to a dramatically different way of playing the game in industry	Costas Markides Vijay Govindarajan	Schwab Intel Kresge/KMart
Value Innovation	Delivering exceptional value to the most important customer in the Value Chain	W Chan Kim Renee Mauborgne Gary Hamel Dick Lee Costas Markides	Chevron Cirque de Soleil Hussmann P&G RE/MAX Intl Samsung

Richard K. Lee, Industrial Research Institute Emeritus (Johns Manville) and President/Founder, Value Innovations, Inc.
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Case Study

Instructions for use

1. Remove existing dressing materials, discard
2. Wash hands
3. Open package
4. Put on face mask and gloves
5. Open towel to establish sterile field
6. Measure length of exposed catheter
7. Clean/disinfect catheter site w/alcohol swabs
8. Use iodine swabs to further disinfect site
9. Apply gauze around site as needed



Case Study

Instructions for use

10. Apply skin protectant around periphery
11. Apply tape as needed
12. Apply transparent dressing
13. Remove gloves
14. Discard used materials
15. Wash hands



Medical Procedure Kits

Step #3: Identify Most Imp. Customer

Component Manufacturer



Kit Manufacturer



Distributor



Hospital Purchasing Agent



Health Care Professional



Patient





Value Chains

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?

