

INNOVATION FROM THE OUTSIDE-IN:

HOW A DESIGN ADVISORY BOARD DRIVES INNOVATION AT P&G

BY SUSAN STAUTBERG AND NANCYE GREEN

Question: How can a company continually innovate and create exciting new ideas in today's competitive and constantly changing world?

The answer is deceptively simple: By asking for help.

Most individuals and organizations spend their time thinking about what they are most familiar with: their own business sector, their current competitors, the customers they know or their organization as it currently exists. They think from the inside—the things they can control—out to the world they would like to shape.

This approach is safe and comfortable, but safe and comfortable doesn't cut it in today's lightning-fast world. Today, thinking from the *outside-in* is what many organizations need to stay ahead of the curve. They need to step outside their comfort zones. They need multiple perspectives. They need help. For this reason, organizations in a wide variety of industries are creating Advisory Boards of specialists who can offer outside-in knowledge and bring a range of experiences and insights not available internally.

Advisory Boards consist of expert professionals who share ideas, feedback and a fresh perspective with corporations seeking input. They increase an organization's intellectual capital and contacts. Such groups have become increasingly popular as budgets tighten and global competition increases. CIGNA, for instance, has a global Advisory Board to provide insights into international issues.

Northwestern Mutual convened a Technology Advisory Board to consult on its Internet presence. Goldman Sachs and PNC have Women's Advisory Boards to discuss the needs of female consumers.

A relatively new trend in Advisory Boards addresses the area of design and innovation. In fact, some of the products you see lining supermarket shelves or displayed in the windows of your favorite store may have been created, packaged, marketed or improved with the help of a Design Advisory Board.

Procter & Gamble is a pioneer in this practice. While there are many different strategies employed in CEO A.G. Lafley's heralded turnaround of P&G, one of the largest companies in the world, the Design Advisory Board and critical outside thinking from a multitude of sources have played a part.

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Openness, getting to and listening to the best and the brightest, and inviting new thinking among its own people, are transforming the culture and hitting the bottom line as a result. For companies seeking a more creative and innovative culture, P&G offers a strong example of how to create a Design Advisory Board, how to manage it successfully and how to apply its recommendations for real-world results

GETTING STARTED

Like any major initiative, a Design Advisory Board, or any Advisory Board, requires buy-in from senior management. “A culture that embraces new ideas has to start at the top,” says Claudia Kotchka, VP Design, Innovation and Strategy at P&G, who created and manages the company’s Design Advisory Board. “It has to be willing to accept provocateurs and go back to the drawing board. It has to know that this is the expectation of leadership.” At P&G, A.G. Lafley attends the Design Advisory Board meetings and actively participates. Advisory Boards generally don’t work if there isn’t a culture of accepting ideas from the outside.

Selecting the right Board members, and mix of members, is also tremendously important. “We wanted to create a network of people who are thinking about P&G,” explains Kotchka, “and we treat them like family.” Members, described by Kotchka as leaders in the design field and “at the top of their game,” hail from a variety of design and marketing disciplines, including top designers, academics and corporate executives. To attract the best and the brightest, Kotchka says that Advisory Boards need to be “a spa for the mind. To attract smart people who are busy, you have to make it interesting.”

Advisory Board members themselves cite several key reasons for participating: they meet interesting people, are stimulated by the dialogue and learn, and because they want to help a company and feel the satisfaction of making a difference. (This means, of course, that it is the company’s responsibility to design an experience for Board members that is stimulating and well organized, and then to make sure that Board members feel their advice is valued and applied.) When it comes to Design Boards, there is certainly an element of fun as well. “They need to know from management that they can be a little crazy,” says Kotchka, who once brought in a Chinese face reader to work with the group. And the networking is appealing as well. It is not uncommon for Advisory Board participation to result in a new job or new client relationship.

Organizations take differing approaches to how frequently their Advisory Boards meet. On the one hand, short terms can be desirable to enable the Board’s managers to fine tune the mix of expertise and personality to derive the most value for all concerned. On the other hand, Kotchka points out that it takes several years to get a group acclimated to each other and the company such that the group develops trust and openness necessary to ensure honest dialogue. (P&G’s group meets three times a year for dinner the night before and a full-day meeting at the company’s Cincinnati headquarters, and has included the same group of people for several years.) Which approach a company takes should be determined after carefully considering the situation, the nature and purpose of the Board, and the specific needs of the company. Several organizations exist to create and manage Advisory Boards and can provide guidance on such critical issues.

HOW IT WORKS

P&G's Design Advisory Board has become a resource to teams within the company grappling with a myriad of broad design and consumer experience issues. Brand teams present problems to the Advisory Board, who in turn, gives the teams' ideas that address such areas as product design, strategy, markets and execution, as well as providing long-term thinking and big ideas relevant to a category or the organization as a whole. "Advisory Boards are conversations where you imagine what could be," says Kotchka. "What doesn't work is just asking for specific information. It's better to use [board members'] open minds for a broader picture and trends." Each meeting covers a mixture of big and small issues, and, not surprisingly, there is a waiting list for brands that want to solicit the group's expertise.

At the meetings, rich dialogue and diversity of perspectives lead to surprising and innovative ideas—and the occasional disagreement—arising from unusual juxtapositions and intense collaboration. The Board members also benefit from the experiences provided from each other. Critical to the success of this strategy, says Kotchka, is having a large team from P&G present, including senior management, not just the Designers presenting. "It is critical that everyone gets smarter together," she says.

By using external expert networks, P&G now gets 35 percent of its new product ideas from outside the company, up from 20 percent three years ago. The Design Advisory Board has contributed to a range of ideas, including entering new business categories, reframing the project objectives and pushing teams to think more broadly. The company's goal is for 50 percent of its ideas to eventually come from the outside-

in. Company leaders believe that the more they ask for help, the stronger they become.

"The importance of an external perspective is so critical for any company today," says Claudia Kotchka. "I can't believe everyone isn't doing this. It's easy to get too close to your own thinking. Our Design Advisory Board has been extremely effective."

BEST PRACTICES FOR ADVISORY BOARD CREATION AND SUCCESS:

Homework: Give the Advisory Board members simple ways to get ready for the meeting: e.g., reading a succinct brief on a problem to be discussed or going into the market to get smart about the context of a category to be presented.

Preparation: Those who manage the Advisory Boards within a company are critical to its success. Preparing the agenda as well as the teams who participate and following up are critical if ideas are to turn into action. At P&G, a "sponsor" is assigned to each brand team to help the group prepare for its presentation to the Design Advisory Board.

Presentation: Presentations should be well edited, free of jargon, concise and designed to stimulate thinking rather than get buy-in. Questions are more important than answers.

Participation: When the intention is to spark new thinking that translates into the real activities of the company, it is critical that team leaders and key "doers" are equally represented in the room. The richness of the thinking and conversation at an Advisory Board meeting are as important as the actual recommendations. Leadership needs to be in sync with those who will be expected to take action. They need to share

the experience. “It’s also important to ensure all Board members have the opportunity to be heard,” says Kotchka. “The chair needs to call on all of the Board members, not just the talkers.”

Follow up: Notes, key points and action items should be distributed immediately after the interaction to make sure everyone agrees on what they heard and experienced. Then, as projects and activities progress, teams should check back in to keep the fresh thinking going. This activity at its best should stimulate an atmosphere of collaboration and openness that will carry over into the team interaction on a day-to-day basis.

Know when to disband: The highest-order motivation for creating an Advisory Board should be to gain access to expertise and diverse perspectives, and put these to work for the enterprise. When it is not possible to use this format effectively to make a real difference inside the company, it is important to reshape the group, re-tune the process internally or disband. Creating ill will on the part of the members because they are not used effectively is unnecessary, as this strategy should be fluid and always up for review.

ADDITIONAL ADVISORY BOARDS TO CONSIDER

In addition to Design Advisory Boards, Advisory Boards come in many shapes and sizes:

Advice and counsel for a CEO: This group might be assembled as a private think tank for a CEO who needs a forum in which to confidentially bounce ideas and gain insight.

Ideation across a number of different aspects of the company for a group of senior managers, including the CEO: Here it is probable that there are major issues facing the enterprise that cross many boundaries. These meetings provide an opportunity to present strategies, explore and refine thinking for a group within the company, and include guest appearances as specific issues come up.

Single-issue Boards: These are defined and participants are chosen to address specific issues within the company. These might be set up to exist for a limited time for a precise purpose or be ongoing. Participants might be from one part of the company or might be teams throughout the organization addressing similar issues. Sometimes these experiences can be valuable for insiders to learn about activities in other parts of their own company as well as to learn from outsiders.