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Benefits from a combined IP and Innovation Management

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Introduction

Wilo is a world leading manufacturer of Pumps and Pump Systems for Building Services, Water Management and Industry with a turnover of 1.3 billion Euro and 7,400 employees in 2015.

Wilo has a long tradition in creating innovative solutions. For example the first heating circulator of the world was created and produced in Dortmund, Germany, the headquarter of the company. Starting in 1928, this circulator has revolutionized the heating technology on its way from coal heating to oil and gas heating.

Until today Wilo works with passion on innovations that bring important benefits to our customers, driven by important mega trends like energy efficiency, water shortage or climate change. Therefore the creation but also the protection of important innovations are main processes at Wilo.

This article describes the analogies between innovation and IP processes and points out several benefits when both processes are well aligned in a company.

Links between IP management and innovation

Today there is a common understanding that innovation is an important driver for the economic success of a company. Nevertheless, the economic values depend directly on the question if the company is able to offer the innovative solution exclusively or if shortly after market entrance competitors are able to offer similar or even better solutions. It is the task of the IP management to create exclusive rights to protect the innovations. Thus both topics belong to each other.

Nevertheless, IP solutions can be created only, if the IP department is involved in the innovation process very early. This is required to detect promising solutions early and additionally to be able to influence the creative processes towards solutions that can be well protected.

The common questions for IP and innovation are: What are the right innovation fields and what are the right topics to be protected?

Classical idea management and invention management

Companies that provide an idea management or continuous improvement tools are often overwhelmed with ideas. Many ideas are not really helpful, because the company does not plan to work on these subjects. On the one hand, this leads to a high work load for the deciders and on the other hand to frustration for the idea creators since their ideas are too often rejected.

The IP department is confronted with a similar situation. Forced by several country laws, e.g. the German inventor law, the employees are asked to submit their inventions to the company. The company has to decide, if it will file a patent or not. If not, the invention has to be released to the inventor, which includes a certain risk for the company.

Therefore, in many cases the company applies much more patents than strategically required. The main driver is the risk limitation and not the economic potential.

Consequently, many patent portfolios have a low value compared to the IP costs.

The solution for both cases is to turn the innovation process around: Instead of playing a passive role, waiting for ideas or inventions the company has to get into the driver seat.

Strategic innovation and IP approach

First of all, the company has to define the innovation search fields or – even better – specific questions that can be given to the inventors and that are steering the innovation process. These questions and search fields are derived from the strategic market approaches taking into account specific customer benefits.

The guiding questions for both processes are similar and linked to each other:

While for innovation the question is “In which fields do we have to innovate to generate a unique customer benefit for that the customer is willing to pay some money?”

it is for IP “How can we generate exclusiveness for the identified unique innovation topics and solutions?”.

It is quite interesting, that the IP part can start even if there are no final solutions or innovations existing. Firstly, because then the IP department can influence the solutions towards a direction that enables the generation of IP, secondly to think about more generic IP that is not only solution driven.

The identified strategic search fields and questions can be given to the employees or even external partners. The solution process is now completely focused on the formulated questions leading to a better quality of the ideas as well as a much easier evaluation process, since the search fields are clearly described.

Practical implementation

To steer the complete process the introduction of an idea management platform is very helpful. The platform enables the formulation and organization of question-oriented campaigns and delivers a database for the collection of all ideas from the company. Double ideas can be detected easily furthermore, the employees are able to collaborate on the development of existing ideas. Another advantage is the identical assessment of all ideas due to an electronic workflow.

Important success factors

One of the most important factors for the success of the described IP and innovation approach is the involvement of the top management. The Board members have to drive this topic as one of the main strategic activities ensuring the profitable growth of the company.

Another subject is the acceptance of the middle management. The middle management can block this topic, e.g. by ignoring it or by denying the support or some capacities from their collaborators. Therefore, it is essential to get a buy-in from the middle management. The best way to achieve this is to understand which benefits these managers could get from the new approaches. This might be a good reputation due to the innovative solutions from their department or a direct increase in the profit of their business unit due to the improved solutions.

Finally, the employees have to take a very active role in the process. Therefore, it is essential to build a culture of opportunity, willingness and knowledge to take part in the innovation process. Opportunity is given by the management, e.g. by time, the innovation portal or specific places where creativity sessions can be organized.

The willingness can be increased by different factors like visibility of the inventors in the company, specific awards or prizes that are attractive for the people.

The know-how about innovation must be trained continuously.