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President

*Article IV in a series*

### **An Open Innovation Primer**

This is the fourth and last article in a series of “how-to” articles for getting value added results with an open innovation approach to research and development in the food and beverage category. The first article covered both how to get started and how to set the strategy. The second article covered soliciting proposals for external research partners. The third article discussed the process of filtering proposals and getting to contracts with research partners. In this article we will address *managing and motivating a network of external partners* including weeding and feeding. Visit [www.cjbandassociates.com](http://www.cjbandassociates.com) to learn more about open innovation services from CJB and Associates.

### **About the Author**

Carlos Barroso is a highly experienced, Research & Development Executive in consumer products, with deep experience in Foods and Beverages. He has built an extensive, open innovation network with external research partners across universities, suppliers, consultants, and small entrepreneurs located around the world.

Carlos is the Founder and President of CJB and Associates, a high level R&D consulting firm specializing in Product Development for the Food and Beverage category. CJB and Associates manages open innovation projects, conducts Innovation Assessments, creates Quality Assurance programs, and facilitates innovation and strategy ideation sessions as well as helping with high level R&D strategy. He is co founder of Tastemakers Research Group, a full service consumer product testing company.

Prior to starting his consulting firm, Carlos was the Senior Vice President for R&D for PepsiCo’s \$27 billion global food and snacks business. Before joining PepsiCo, Carlos was an Associate Director of R&D at Procter & Gamble. In addition to R&D he has Market Research experience in consumer product testing.

### **Managing an Open Innovation Network of Research Partners**

At this stage of your open innovation projects you have formulated your strategy, crafted Requests for Proposals (RFP’s), filtered the proposals down to a promising few and executed research contracts with a handful of solution providers. Now, you need to manage what is likely a diverse, geographically scattered group of research partners who most likely do not know one another. And, you need to track the progress of these partners providing feedback and if necessary terminating the contract.

If this sounds like managing an internal project team, then you get the idea. Of course, you have the added complexity of not having a shared company policy, co location, or a common corporate culture to help. This article discusses ways to effectively manage an open innovation team drawn mostly from personal experience with CJB and Associates as well as corporate experience as the Senior V.P., R&D PepsiCo Global Foods.

### **Making the Team Into a Team**

We have seen many open innovation projects over the years. Most of these projects were relatively ambitious and required true innovation to succeed. If they were simple the projects would have been handled in house or as turn key solution with a reliable supplier.

So, how do you manage a dispersed set of providers? In our experience, the ability to manage an open innovation team well is the single biggest factor contributing to the likelihood of a successful project outcome. We have seen projects with tremendous talent and capability flounder because the providers were off track or not coordinated with the project's goals. And, we have seen well managed teams go above and beyond the terms of the contract to provide solutions for the clients that they were not expecting.

### **If You Treat Them Like Partners They Contribute Like Partners**

You will notice we often refer to solution providers as research partners. We like the term research partners because it better reflects the way we want to manage the team. In a typical open innovation project there will be specific portions of the project assigned or contracted with a specific research partner leveraging their particular area of expertise. One approach to managing a team of experts is to only give them the information needed for their piece of the project. This "need to know basis" makes sense to a lot of R&D managers who have had confidentiality drilled into them for years.

However, we believe there is enormous benefit by more open and sharing the overall project strategy and goals with your research partners. In our experience, the risk of compromising confidentiality is small compared to the increased level of contribution from the research partners. Furthermore, if you spent time upfront with your partners during the filtering process there is a good chance you already have established a level of trust that makes sharing the overall project strategy manageable from a risk perspective.

Researchers are motivated by delivering results like anyone else. One of the most common complaints I hear from external researchers is that the client does not share the bigger picture with them and therefore they are limited by how much they can contribute beyond their own piece of the innovation project. We have seen many examples where a researcher, sometimes a modestly paid post doc, will make important contributions well beyond the scope of their brief because they had an understanding of the client's end goal and they were motivated to make a impact.

### **Conduct a Project Kick Off with all of the Project Partners**

Perhaps the best practice we have to offer for getting your research partners to act like a team is to have a kick off with all the partners represented. A face to face project kick off allow you as the project leader to personally articulate the vision and strategy for the project and, importantly, set expectations for the partners. By understanding their role and accountability in the larger project they will know how the project's success depends on their deliverables. That is a powerful motivator.

Without exception, in every kick off we have managed or participated in the partners got tremendous value from the session. More importantly, the project benefitted from the engagement of the partners and the collaboration among them that naturally occurred.

### **Establish Clear Deliverables with Milestones**

Real innovation often seems like a black box to managers who do not live it on a daily basis. Come to think of it, it seems like a black box to some of us who do live it. By having clear deliverables with frequent milestones, the communication of progress flows much more effortlessly. Further, by having milestones in place you will be able to track progress and make "weed and feed" decisions more objectively. Ideally, you can set many of the deliverables and milestones during the kick off session. In any case, it's critical to enroll your research partners in this process. When they have direct input and buy in they are

more likely to achieve or exceed their objectives. At the same time, if they are not able to make pre agreed milestones then they will also understand and usually can anticipate having their contract cut, or at least not extended.

Don't forget to go back to the success criteria that were outlined in the original request for proposals and ultimately spelled out in research partner contracts. These success criteria serve as the foundation for the specific project deliverables.

**Use a system to track progress on the project components**

Keeping track of project progress and the many moving parts of the various research contracts and partners can be a full time job. This is where you want your expert critical path engineer or hire someone to do it if you don't have someone internally.

The example below is an excerpt from a very large spreadsheet tracking multiple projects as well as related activities like patent searches and communications.

*Excerpt from Project Tracking Report – (CJB and Associates 2010)*

| <b>Action Report – CJB Example of Innovation Project</b> |   |             |                            |   |
|--|---|-------------|----------------------------|---|
| 22-Jun-10  |   |             |                            |   |
|  |   |             |                            |   |
|  |   |             |                            |   |
|  |   |             |                            |   |
| Process  | Current Task                            | Due Date    | Status<br>Period<br>Ending | 6/23/01   |
| Communication  | Formal Review                           | w/o 6-19-10 |                            |   |
|  | Updated timeline, calendar and contacts | w/o 6-19-10 | ✓                          |   |
|  | Informal Review                         | w/o 7-3-10  |                            |   |
| Project 1  | Research Partner A                      | 6-10-10     |                            | Samples submitted to Client Additional xxx sample requested.  |
|  | Research Partner B                      |             |                            | Client to evaluate samples  |
| Project 2  | Research Partner C                      | 6-10-10     |                            | xxx samples have not arrived; All natural product but may have off flavor. Next step is for clients' evaluations. |
| Legal Review   | Patent search - project 1               | 5-31-10     |                            | ~250 patents of interest / 50 are core: search in process.  |
|  | Patent search - Project 2               | 5-31-10     |                            | ~200 patents of interest / 30 core: search in process.  |

### **Communicate Often**

Frequent communication is important in all stages of an open innovation project. In the execution stage it is especially important. There are contracts in place, some of which you may have committed thousands, even millions of dollars to engage. There are a lot of moving parts with research partners often dependent on other partners for their piece of the overall project to succeed. Finally, you have management, who may not be very familiar with open innovation projects and longer lead times.

At CJB and Associates we typically use monthly updates including a standardized project tracking form, highlighting new or important issues. We'll also issue a more reader friendly summary of the project's progress including any "hot spots" where a project deliverable is heading off track or where decisions are needed. Whenever practical from a confidentiality stand point we will copy the research partners on the communication, or at least the most relevant parts if we should be on a "need to know" basis. The partners find the communication valuable so they know how their progress may be affected or affect the progress of the others. And, it makes them feel like part of team.

### **Celebrate Milestone Achievements**

Be sure to acknowledge when a research partner achieves an important project milestone (e.g. pilot plant proof-of-principle, consumer test wins, etc.). This goes back to treating them like a partner so they will contribute like a partner. It can also provide some friendly competition for the other research partners. A hand written note along with an email to copy others may be sufficient. Certainly, if there is an in person meeting taking the time to recognize the contribution can only have upside for their motivation.

### **Wrap Up, Debrief and Move on to the Next Project**

Open innovation projects typically have longer time lines than most projects like close in line extensions or supplier qualifications. But, they have an end point nevertheless – hopefully, a successful and profitable one. Be sure to wrap up the project with a detailed archive of all the RFP's, contact information, research contracts, confidentiality agreements, and up-to-date project tracking summary. It's amazing how quickly memories fail when you are trying to retrieve information just a few months later. In any case, you will need accurate records to protect the intellectual property you will have created along the way. Finally, future teams will value the ability to pull up information on research partners they may want to engage on different projects.

Last but not least, conduct an objective debrief including an assessment of what the team may have been able to do better. Learning by doing and capturing the learning while fresh in the minds of the team builds capability and confidence for the next round.

This concludes our series on "how-to" articles for getting value added results with an open innovation approach to research and development in the food and beverage category. Feel free to contact CJB and Associates ([www.cjbandassociates.com](http://www.cjbandassociates.com)) if you have comments or questions.

Happy Innovating!