

„Lean Innovation Requires Creativity and Consistency“

Klaus Broichhausen and Stephan U. Schittny talk to the editorial staff of the Complexity Management Journal about innovation, modern management, creativity and consistency.

Mr. Schittny, Mr. Broichhausen, why “Lean Innovation”?

Schittny: The original underlying demand of the Lean Management approach is to consistently improve sustainable value creation in production. This approach can also be transferred to the development of products and services. So it only seems logical to us to apply the same methods and tools to the innovation process that have already proved valuable in other areas.

Broichhausen: ...and for this application there is still a high demand and need even in well organized companies. Politicians demand innovation, whether it is in Europe or the USA, in order to create high quality jobs. Surveys show that a majority of companies view innovation as a major factor for success, even more important than cost reduction, globalization and increase of customer satisfaction or quality. The direction should therefore be set! However, this is not a no-brainer; based on industry interviews the orientation towards “value creation through innovation” is only consistently implemented in few of the questioned companies.

How can you explain the missing consequence?

Broichhausen: Some deficits are clearly addressed in the surveys. The main causes of problems with innovative products are stated as lacking evaluations of market opportunities, subjective decision making processes and ambiguous portfolio control during the development process. Additional critical areas are the control of resources and priorities. Especially in smaller companies, financing problems add additional complications.

Schittny: Here again, connections to Lean Management exist. The most important factor of creating value without waste is the firm’s customer orientation. When aligning processes with customer value, it is of crucial importance how the product portfolio is controlled!

Broichhausen: Of course we as external consultants cannot design the product that is in line with the market from the ivory tower. Creating value for the customer, that is to launch the right product, at the right time and for the right market, is part of the original entrepreneurial task. With our systematic approach we can, however, directly support the development of products and services on site.

“The orientation towards value creation through innovation is only consistently implemented in few companies.”

Prof. Klaus Broichhausen, Ph.D.

We can check the processes that lead to product decisions for consistency and consequence, question content and methods critically and adjust them together with the company’s experts. This alignment is extremely critical during the early phase of product development because on average 80% of a product’s value is defined at this stage. We also provide the tools, sometimes specifically adjusted to the company’s needs, that such a process requires.

Schittny: ...and all development activities should be measured against this standard. On average, they could be designed 15-20% more efficiently.

Broichhausen: In practice, quite a number of problems can be observed. It starts with the realistic planning of performance, budget and timing of development activities. Furthermore, the structure of the project and the collaboration with partners and suppliers cause problems to the point of questions about differentiated product functions, accuracy and tolerances. After all, these functions extremely influence the production costs. This synchronization of technology, development, ramp-up of production and marketing is, in my experience, decisive for the economic success of a new product.

Schittny: Our research and project work clearly indicates that the topic of aligning the development of technology and products with the value orientation of the markets is definitely not standard. This starts with minor topics, such as lacking value orientation in team meetings and extends to more difficult topics of responsibilities and company structure. Together with the company's experts, we can achieve progress here. This progress

will be decisive for success and an important factor of differentiation in the future, especially considering the international competition.

Both of you demand a very rigorous process during the development of products and services. Is there any room left to address the creativity and motivation mentioned?

Broichhausen: First of all, the orientation towards the customer benefit is a very creative and motivating task. In practice, this is not that easy. Each challenging development has enough problems and only creative solutions help. Moreover, it is not the sole focus of the systematization to increase efficiency. It is also important to implement well targeted creativity within the overall pressure for profitability. Here creative ideas must be combined with clear goals in a very focused manner.

Schittny: We have enhanced the methodical approach of the innovation pipeline. Given the dynamic markets today, a company cannot implement all good ideas for technology developments at the beginning. Therefore, we suggest the use of rigorous "roadmaps" that at

About:

Klaus Broichhausen brings his extensive experience in the machine, tooling, aerospace and transportation industries to the Schuh Group.

His expertise covers a broad range of the development of innovative product strategies as well as the technical and commercial operative implementations. He assists our clients in the development of new pragmatic solutions for their respective industrial environment and their implementation.



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certain phases open up towards creativity and new ideas. However, our experience shows that only very specific questions should be asked, according to the project progress, in order to not endanger the goal.

Broichhausen: During this phase the problem of human “shifting” often crops up. For a specialist, who works with high precision and quality, it is difficult to switch to creative conclusions, especially if they are combined with attributes such as “maybe” or “possibly”. Here a two-pronged approach would lead to inefficiencies again. Who doesn’t know the results of brain

storming sessions that lead to nothing or last forever? Therefore, external support is helpful if not necessary. Because of our cooperations, we have several options in the area of change management. It becomes possible to find the right balance between the creativity and stringent development work that is anchored in the process and implement it into the daily work. It is possible! A simple example for me is a successful design studio. During the generation of ideas they are extremely creative, but during the selection and development phase they are absolutely goal oriented.

Thank you for your time.

About:

Stephan U. Schittny is a manager at Schuh & Company. He has extensive consulting and industry experience in process optimization as well as strategic and organizational development. His special focus lies on Lean Management. He manages the advancement of the topics Lean Innovation and Development.



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