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VALAHIA UNIVERSITY OF TÂRGOVIȘTE

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**OPEN INNOVATION - A SOLUTION IN THE  
REDESIGNING OF SUPPLYING CHAIN  
MANAGEMENT.  
CASE STUDY ON INOVATION NETWORKS  
FROM PROCTER & GAMBLE**

**GHICAJANU MIHAELA, *Lecturer Ph.D.,  
University of Petrosani***

# Goals and objectives

- In this study, I will address the concept of open innovation, integrated in the process of management redesign of a business.
- Thereby, I will present the way open innovation is perceived within the management of supplying chain, the impact of direct innovation has on supplying chain management and the part suppliers and customers play in developing new and innovative products.
- As a case study, I will present the innovative networks in the supply chain management of Procter & Gamble clients.

# Topics

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- **Introductory elements (about managerial reprojectation of business and open innovation)**
- **Open Innovation at P&G**
- **The Advantages of Open Innovation**

# Introductory elements

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- **Redesigning business management** can be understood as "the study of the reinventing and restructuring the leading process and business management, how to reinvent, reengineer business leadership" in the current business environment.
- **In the managerial redesigning process of business** are using both terms, methods and strategies of American management, belonging to the concept of reengineering (redesigning business processes - **Business Process Reengineering**) and Japanese management belonging to the concept and philosophy of Kaizen

# About innovation and open Innovation

In the vision of **Joseph Shumpeter**, there are 5 activities that come under the concept of innovation

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1. Creating a new product ( **product innovation**)
2. Coming up with new methods of fabrication (**process innovation**)
3. Entering a new market(or creating a new market) (**marketing innovation**)
4. Using a new basic material– (**product/process innovation**)
5. A new organisation of the company (**organisational innovation**)



**Joseph Shumpeter**  
(1883-1950)

# About innovation

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- In recent years it has been admitted the emergence of a sixth activity, namely creating a certain image of the company - **Brand innovation** or **corporate identity ID**



**BRAND**

perceived emotional corporate image as a whole.



**IDENTITY**

visual aspects that form part of the overall brand.



**LOGO**

identifies a business in its simplest form via the use of a mark or icon.

# Open Innovation

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**Open innovation** is a relatively new concept, path breaker in innovation management and business management

- The term of “**open innovation**” was first introduced in 2002 by **Henry Chesbrough** and his group, at the School Of Business of Berkeley.

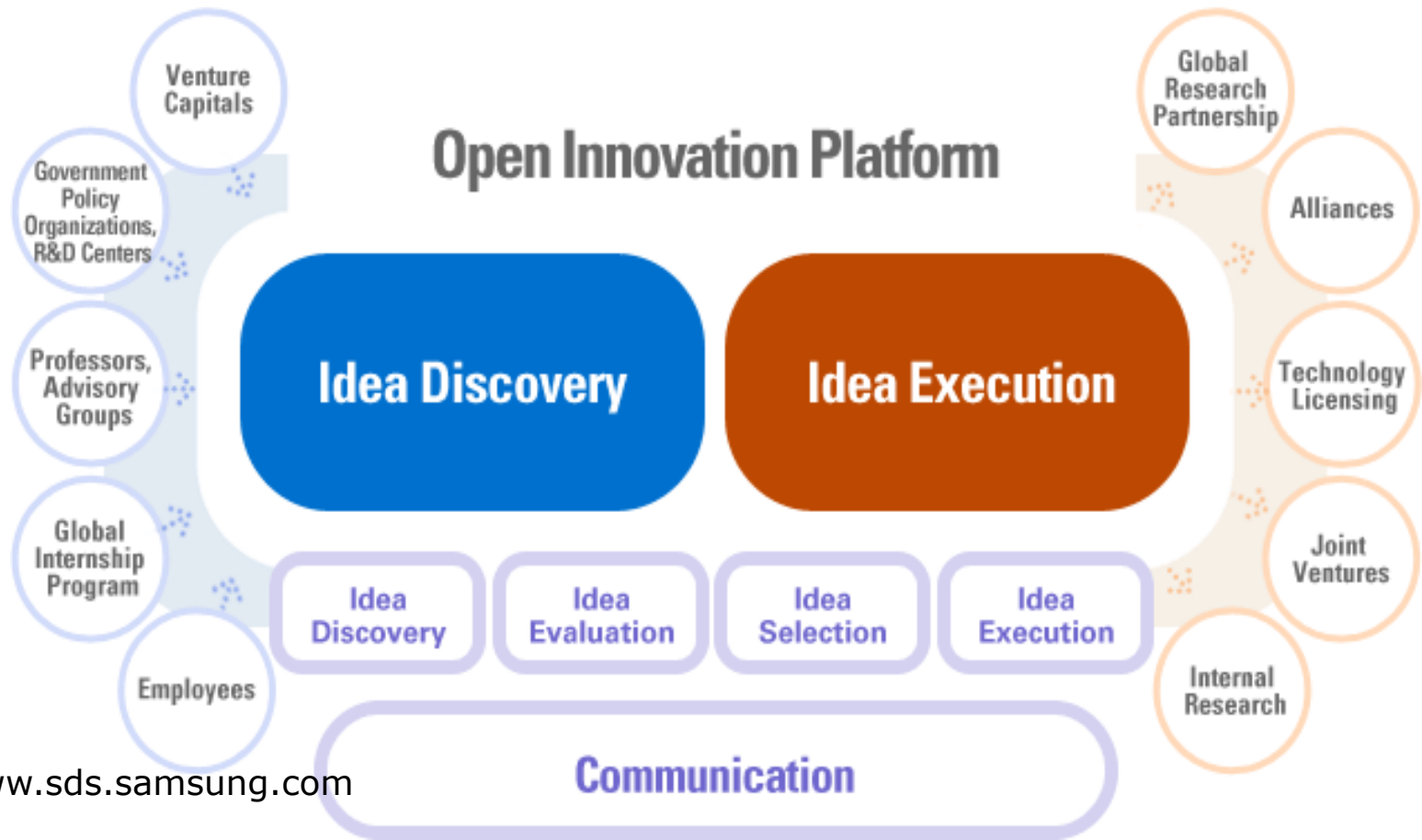


**Henry Chesbrough**

Paper “*Open Innovation: The new imperative for creating and profiting from Technology*”

# What is Open Innovation?

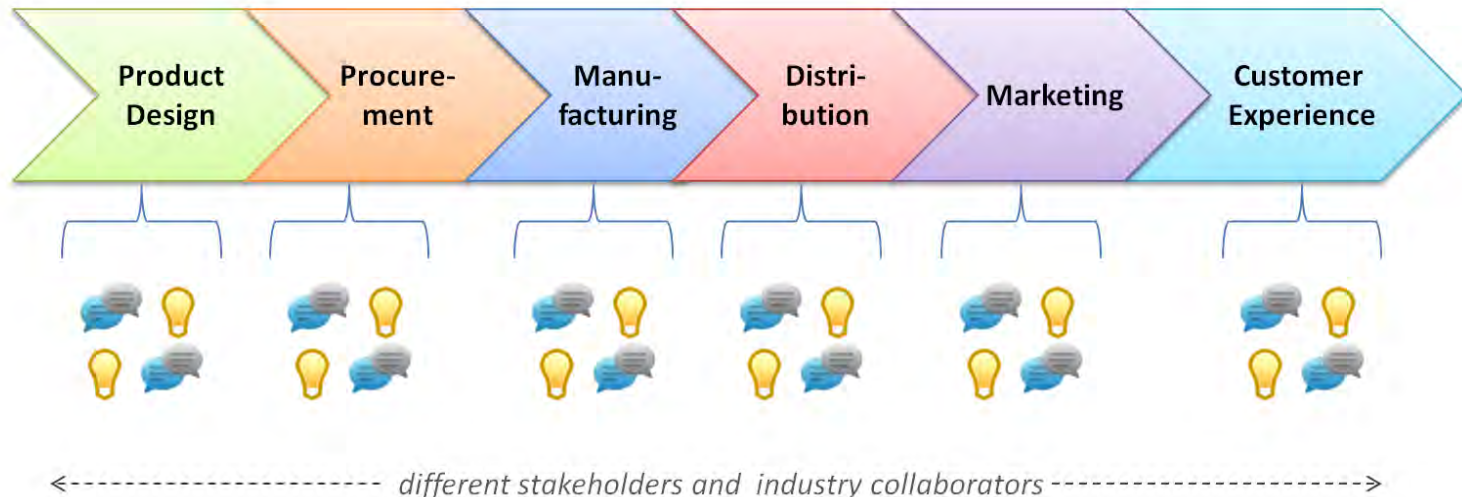
- Within **open innovation**, the innovative company must have the ability to combine internal resources with technological and business information from its domain: **clients, suppliers, technical literature, patents, research centres and universities.**



# Open Innovation

**"Open innovation or innovative network"** can be understood as the activity of innovation through collaboration with other firms (supply chain) in a pre-established contract.

## Open Innovation Integrating External Ideas Throughout the Value Chain



# Open Innovation at P&G

## Connect + Develop

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- It's their version of open innovation



Connect+Develop is a P&G open innovation strategy. The idea of partnering externally to accelerate innovation is applied across the Company and around the world in all their work and with all their brands.

# Open Innovation at P&G

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- **Open innovation at P&G** works both ways — inbound and outbound — and encompasses everything from trademarks to packaging, marketing models to engineering, and business services to design. It's so much more than technology.
- The practice of tapping externally developed intellectual property to accelerate internal innovation and sharing them internally developed assets and know-how to help others outside the Company.



# Open Innovation at P&G

## Connect + Develop

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- For P&G network of partners and suppliers is critical to long-term success and in purpose inspired growth strategy to touch and improve more consumers' lives, in more parts of the world, more completely.
- P&G relied on internal capabilities and those of a network of trusted suppliers to invent, develop and deliver new products and services to the market



# The key points of the open innovation from P&G

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- **Connect + Develop**
- **Research + Development**
- **Supplier Diversity**
- **Delivers greater value for consumers and their retail partners**
- **Collaborating with individuals and companies around the world to develop innovative ideas and products**

# Open Innovation results from P&G

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- Around the world, P&G products are used 4.6 billion times a day. With more than 300 brands in more than 180 countries, we are the world's largest advertiser. Connecting with P&G allows your business to tap into unparalleled innovation, distribution and marketing assets.

Through Connect + Develop, we share our R&D, consumer understanding, marketing expertise, and brand equity with our partners, bringing great innovations to market and into the lives of consumers faster.

P&G's open innovation strategy has enabled us to establish more than 2,000 successful agreements with innovation partners around the world. Together, we can do more than either of us could do alone.

# Advantages of opening the innovation

There are clear advantages of opening the innovation process to the flow of ideas and knowledge in both directions. They can be summed up as follows:

- **Reduction in the time and cost of innovation projects**
- **Sharing the implied risks between the partners**
- **Incorporation of solutions and innovations** in the form of ideas, patents, products and technologies which would have never been generated by the company due to lack of time, knowledge and technological resources
- **Commercialization of inventions** which due to lack of ability or to strategic reasons cannot be placed in the market by the company owning them.