**Aligning Global Innovation Structure & Strategy: A Case Study into Henkel Adhesives**

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BACKGROUND

Who is Henkel?

* Consumer product company headquartered in Germany, focusing on Beauty Care, Adhesives and Laundry/Homecare
* $40 billion in annual sales. Half coming from adhesives
* Adhesives unit has 4 divisions and 11 sub business units

Pre-transformation (Pre 2014)

* Systematic stage-gate methodology for 40 years
* Mainly used Lotus-Notes database
  + Pros: accessible to everyone in Henkel, easy navigation (if you knew the project ID)
  + Single-project based with no overall portfolio views, more of a data storage tool than a process governance tool
* Projects managed by a function that wasn’t Innovation (like customer service or marketing)
* Metrics to measure projects were mostly scattered and focused only on short-term sales

Key Challenges

* Fragmented portfolio, hard to get a complete picture of all products within for example, the Automotive Industry or all of the projects in a key market segment.
* Project management was in siloes. If you were marketing, you’d think like a marketing person and sometimes other team members wouldn’t fully be on board.
* Different standards and cultures in each business unit, geography, legacy businesses
* User acceptance was a risk since everyone was siloed, and there was an impression of bureaucracy that wasn’t efficient.

Mission: To create a Best-in-Class “A” Innovation Process

Needs:

* People
  + First reexamined each role in the company to see how it can relate to Innovation Management.
  + Created an INNOVATION Career Path
    - Going from Innovation Project Manager 🡪 Innovation Program Manager 🡪 Innovation Portfolio Manager
    - Made roles match other roles by hierarchy in the organization
    - Encouraged more training
    - Establishment of “Expert Network” to globally leverage internal expertise
  + Effects of Dedicated Project Management
    - Projects that needed to be killed were killed faster on average and half of them were killed before spending any product development resource.
    - Significant cost savings
    - Data quality improved drastically leading to better and more informed decisions
  + Tips & Tricks
    - Development Process Managers met annually to exchange best practices and share challenges.
    - Collaborative Portfolio Manager for each business unit because they interface not just within the business unit but across the organization.
    - Leveraging IRI’s membership really helped.
  + Talent Development: WISE program
    - Used internal hashtag and digital signage highlighting our diverse leaders via interviews and stories.
* Process
  + Need to create a single Innovation process for all
    - Had representatives from each unit work together to get a harmonized process everyone could agree to.
    - Took 8-9 months
  + What changed in the transformation?
    - Standardized, documented Gatekeeping governance in place = “gates with teeth”
    - Common set of deliverables = aligned definition of what “aligned” looks like
    - Centralized portfolio reporting
      * Live centralized reports on financial KPIs with standardized monthly dashboards
    - A single source of information (a software tool used by everyone where data is easily extractable)
* Tools
  + Purchased a commercial software package with one click portfolio reporting, standardized stage-gate lifecycles, and acted as a single source of information.
  + It is best to invest in people not tools. It is more important for the person to know how to use the tool in order to drive transformation.
    - Sometimes you can get caught up in the “bells and whistles” of the software package
  + Digital Tool: InnoLab platform in Henkel
    - Idea management and published best practices
    - Electronic Lab Notebooks
    - Expert networks
  + Created “Checkpoint: 2017” which was a face to face meeting between all Innovation stakeholders in the organization, after 2 years.
    - Conducted survey beforehand to gauge top pain points and best practices.
    - Gave project managers the authority to come up with their own solutions to address the pain points.