COMPUTERWORLD An IDG company

Nancy Snyder and others at Whirlpool debunked the popular notion that "innovation comes from a few at the top."

Innovation Democracy

By KATHLEEN MELYMUKA
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In the 1990s, Whirlpool Corp., the No. 1 U.S. appliance maker, was a model "metal bender"—an engineering and manufacturing company whose core competencies were quality and cost reduction. It sold to big retailers like Sears, and customers viewed its products as commodities differentiated only by price.

As the decade closed, Whirlpool executives, led by Chairman and CEO Dave Whitwam, realized that the industry was stagnating. They wanted to turn the company into a customer-focused innovator whose unique products would breed consumer loyalty. Whitwam had a novel idea about where that innovation would come from: everyone in the company. "He wanted to embed innovation as a core competency," says Nancy Snyder, vice president of leadership and competency creation at Whirlpool.

The idea was so different from the traditional approach to innovation—in which a strategic innovation group or "skunk works" is isolated from the pressures and bureaucracy of mainstream life—that consultants didn't believe it would work. "We talked to every major consulting firm in the world," Snyder recalls. "And all of them said, 'Don't bother. Innovation comes from a few at the top.'"

Finally, Whirlpool executives found soul mates at **Strategos**, where Chairman Gary Hamel told them that a democratic innovation process could be enabled by technology. Today, the Benton Harbor, Mich.-based appliance giant has more than 500 ideas in its innovation pipeline, and it's reaping the benefits with unique products.

"Whirlpool changed their tune awfully quickly," says David MacGregor, an analyst at Longbow Research in Independence, Ohio. "They've done a very nice job in innovation, and that has been very important to their results over the last few years."

Innovation Infrastructure

Whirlpool's approach was to use IT to facilitate innovation much as it has been used to streamline supply chains. The company would re-engineer management processes that slow down innovation and use IT to improve and accelerate the innovation chain from idea to final product. The key was to encourage many low-cost "stratlets" (or small strategies) rather than a few big-budget projects.

To embed innovation as a core competency, people would need training, access to expertise and small amounts of seed funding, freedom to work on their ideas and a way to share information. "You begin to see the magnitude of infrastructure that has to change to support it," Snyder says. "And remember, we weren't adding on to a core competency. We were creating one that didn't exist."

Snyder put a leadership team in place that included a global director of knowledge management, three regional vice presidents of innovation and regional innovation boards (I-Boards) to set goals, allocate resources and review ideas for funding. Later, each major business unit also established an I-Board. Twenty-five people from each region were trained to serve as in-house innovation consultants, or I-Mentors.

Whirlpool built an IT intranet infrastructure called the Innovation E-Space. It starts with the "fuzzy front end" of innovation where random insights are systematically generated and shared to spark ideas. The home page links prospective innovators to all the tools and resources they need, from insight libraries and innovation templates to I-Mentors. It provides "an informal social system that works below the hierarchy level," Snyder says, "and it uses technology to enable that."

The back end is the I-Pipe, a dashboard view of the innovation pipeline adapted from **Strategos**. It tracks ideas from concept to scale-up and provides project details as well as the big picture, enabling management to focus on areas in need of attention. For example, a dozen innovations that deal with pricing may indicate that there's a problem in that area. In this way, says Hamel, innovators create strategy and top managers "edit" it.

The IT infrastructure didn't require an extensive investment, says CIO Esat Sezer. On the front end, Whirlpool used a Lotus Notes-based intranet and added new capabilities using collaboration tools like QuickPlace and Sametime from Lotus. For the I-Pipe, the company built a platform on its SAP infrastructure using SAP's xApps for project resource management.

Lego Blocks

Whirlpool doesn't sit back and wait for employees to innovate. Managers convene cross-sections of employees for formal innovation sessions (see below). Led by an I-Mentor, the teams reflect on customer needs, industry trends and their own experience to come up with insights. "We think of these insights as the Lego blocks of innovation," says **Strategos**' Hamel. "We go through a systematic process of generating insights, creating grist for the mill."

Using IT to support innovation sessions was challenging, Hamel acknowledges. "Most times when you apply IT, you're trying to bring more discipline. In innovation, you're also always trying to support serendipity and creativity—to use IT to dramatically improve the odds of serendipity happening," he says.

Serendipity happened when a team from marketing played with the concept of appliances for men. It refined the idea into a modular system of garage appliances and storage units, a business that was spun off as a very successful separate brand. Tom Arent took part in those early sessions. Now he's general manager for

Gladiator Garage Works.

"At the beginning, it was just an added task, very informal," he says. "We were moving the innovation agenda forward while doing our day jobs. We sent line drawings of product concepts over the Internet. We posted our learnings on the intranet, and all the garage lovers came out of the woodwork with ideas."

Employees like Arent are expected to make time in their days for the less-demanding, early stages of an innovation project. Once they receive seed funding, their managers help them find more time to move the innovation ahead. Eventually, they may be assigned to the project full time.

Tammy Patrick, global director of knowledge management, says the thrill of achievement is its own reward, and innovators receive no bonuses or perks. "Innovators get charged up by the opportunity for exposure and the fact that someone listened to their idea," she says. "They learn new tools and meet new people, and that often opens doors in their careers."

Leadership Required

The hardest part for Whirlpool has been changing the way leaders see their roles. "Only leaders can change an environment and allow an innovator the freedom to pursue things," Snyder explains. But it requires a huge shift in thinking. "Leaders are no longer controlling, managing. Now they're removing barriers, setting up seed funds, interacting," she says. "It was very hard, and there are still a few holdouts, but it's hard to deny the change."

So far, more than 500 I-Mentors and more than 10,000 employees have been trained in innovation, and this year, Patrick is launching a mandatory e-learning innovation curriculum. Innovators have introduced more than 7,500 ideas, and the company has run more than 360 low-cost experiments resulting in many new products and strategies, some very successful. For example, the high-tech, premium-priced Duet won Whirlpool 16% of the front-loading washer/dryer market. Gladiator Garage Works has been the most significant revenue producer in a nonappliance business in Whirlpool's history.

What's next? Whirlpool is working with Cisco Systems Inc., Sun Microsystems Inc. and Siemens AG to develop "connected homes," with routers, security systems and Internet-connected appliances all consolidated into a "smart home" system.

"There's not a big market for that right now," MacGregor says. "But a lot of good ideas have come out of that, and over the next five years, things may change dramatically." If that happens, he says, "from an innovations standpoint, Whirlpool will be positioned at the leading edge."

Rubber Meets Road

Representative products from Whirlpool's innovation supply chain:

- Modular garage accessories and appliances for men
- Range with refrigeration capabilities

- Customizable grills, coolers, warmers, taps, ovens and sound systems for tailgate parties

- Double-tub sink with small dishwasher on one side

- Small, bedside cooling unit for storing medicine and baby bottles

- Basic refrigerator for rural areas in India, selling for less than $75

- Premium-priced, high-tech, energy-efficient, front-loading washer and dryer

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