

Innovating for Productivity



Driving INNOVATION in Northern Alberta

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What is Productivity?



**Ultimately it's the resourcefulness of
your business**

Productivity conceptual framework



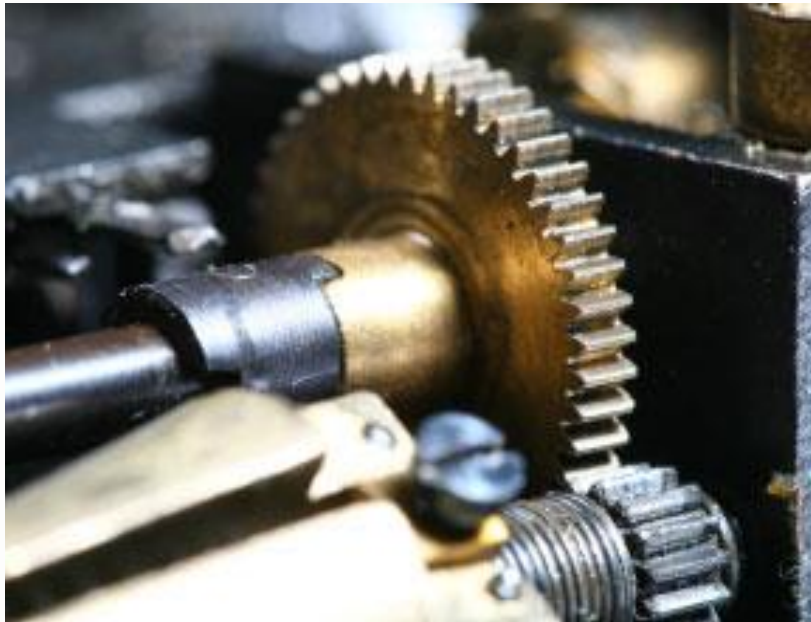
Productivity Headlines

www.goproductivity.ca

CANADA'S FAVOURITE NEWSPAPER

- Since 2011

Canada's performance in the World Economic Forum's global competitiveness rankings continues its slow decline.



Canada ranks 15th this year on the Global Competitiveness Index (GCI), dropping one position from last year and well behind top-ranked Switzerland (1st), Singapore (2nd), and the United States (3rd). “Canada must improve its overall competitiveness performance so that we can sustain our high

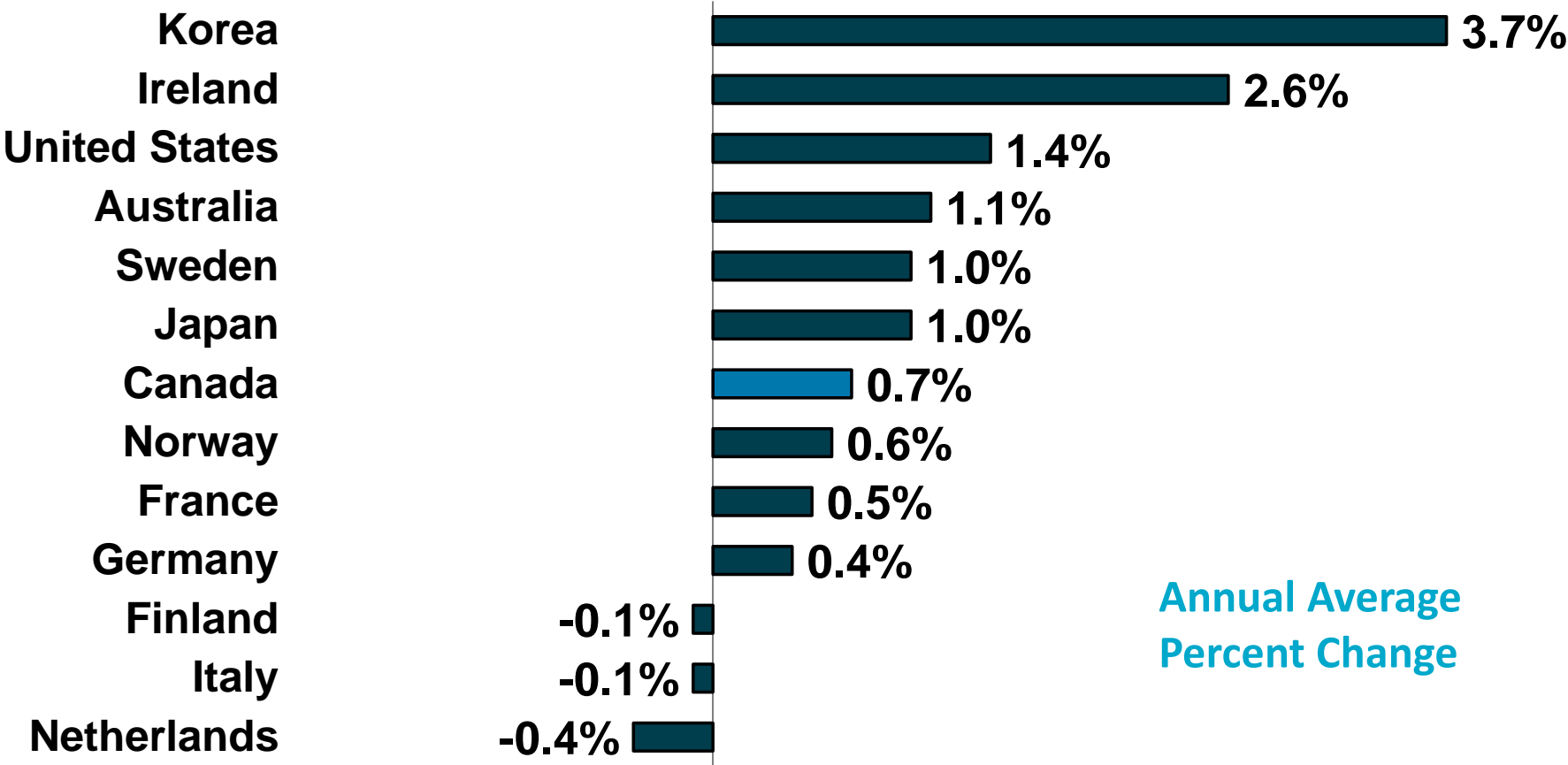
quality of life and create opportunities for future generations. Failure to do so will put pressure on our standard of living and the things that we, including our health care, education, and social security systems,” says Daniel Muzyka, president and chief executive officer of The Conference Board of Canada.

2014 Global Competitiveness Rankings

Country	2014 competitiveness rank (n = 144)	2013 competitiveness rank (n = 148)	Change from 2013
Switzerland	1	1	0
Singapore	2	2	0
United States	3	5	+2
Finland	4	3	-1
Germany	5	4	-1
Japan	6	9	+3
Hong Kong SAR	7	7	0
Netherlands	8	8	0
United Kingdom	9	10	+1
Sweden	10	6	-4
Norway	11	11	0
United Arab Emirates	12	19	+7
Denmark	13	15	+2
Taiwan, China	14	12	-2
Canada	15	14	-1

Source: World Economic Forum (2013, 2014).

International Labour Productivity Growth Rates 2008 – 2013 (Based on Hours Worked)

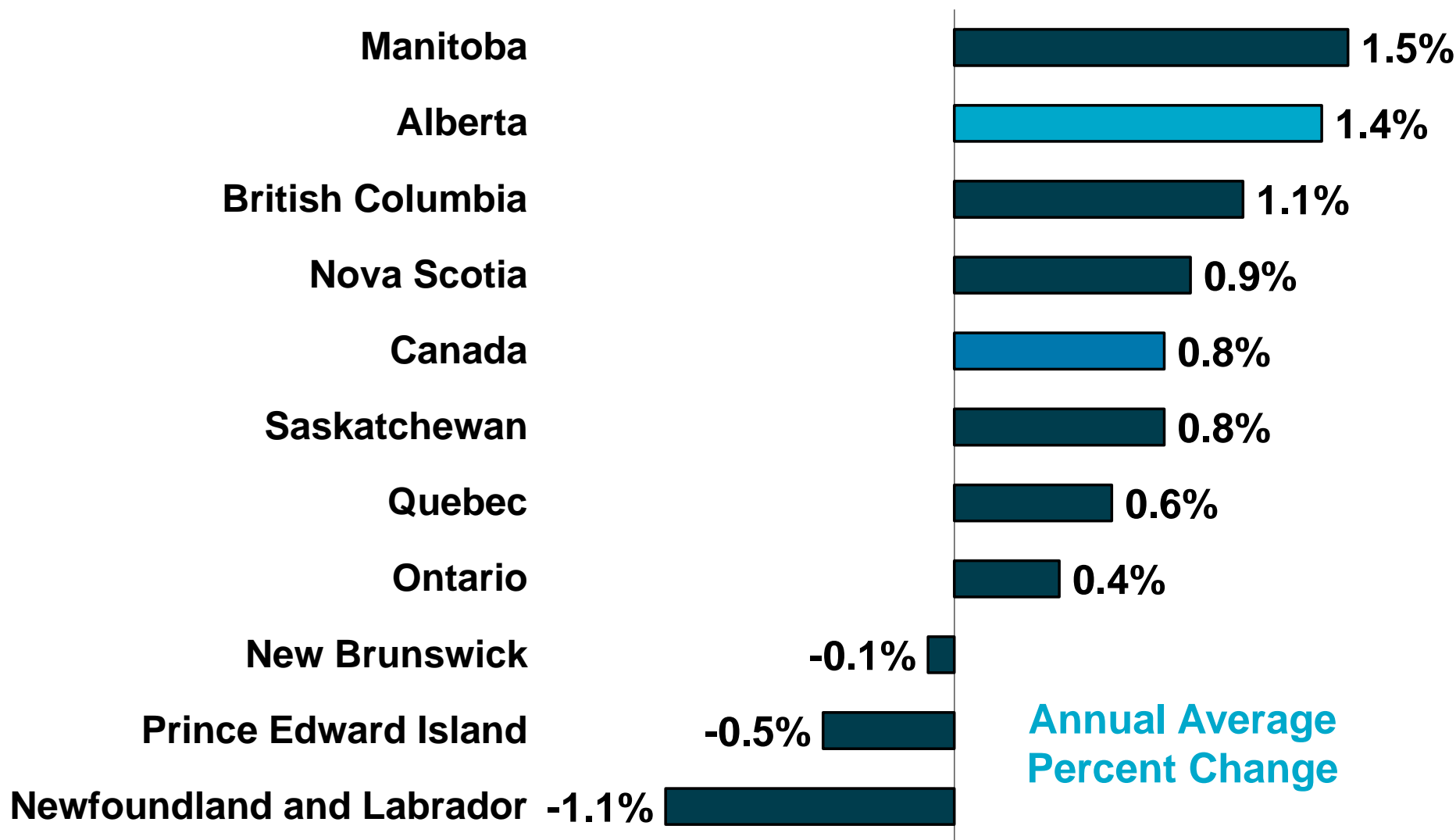


Annual Average
Percent Change

Source: The Conference Board and Groningen
Growth and Development Centre

Total Economy Labour Productivity Growth

Rates 2008 – 2013 (Based on Hours Worked)



Annual Average
Percent Change

Source: Statistics Canada -- Table 383-0029, Labour

Factors impacting our productivity include

- Working *in* the business to focus *on* the business
- Lack of investment in technology, equipment & innovation
- Poor value chain breadth
- Margins slipping and costs increasing
- High costs of transportation & access to markets
- Increased global competition & foreign debt
- Engaging employees from a wide range of generations
- High turnover & shortage of *skilled* workers
- “Lifestyle” entrepreneurs and business owners
- Quality and safety concerns

“Alberta’s weak technology spending endangers its future prosperity” *Todd Hirsch – ATB Financial*

Innovation increases productivity by...

...makes small ideas equal huge impact

...brings in team, leaders & the community



...comes from supplies, customers & employees

...supports continuous improvement

...must be built into strategy as a well managed system

The 'way' you collaborate can impact your productivity and relationships

Vendor Approach

- Be the “Torque master” of price negotiations
- Manipulations and short term bait and switch
- Commodity based / Three bids and a buy
- Fight for margins
- One dimensional and simplistic
- Adversarial

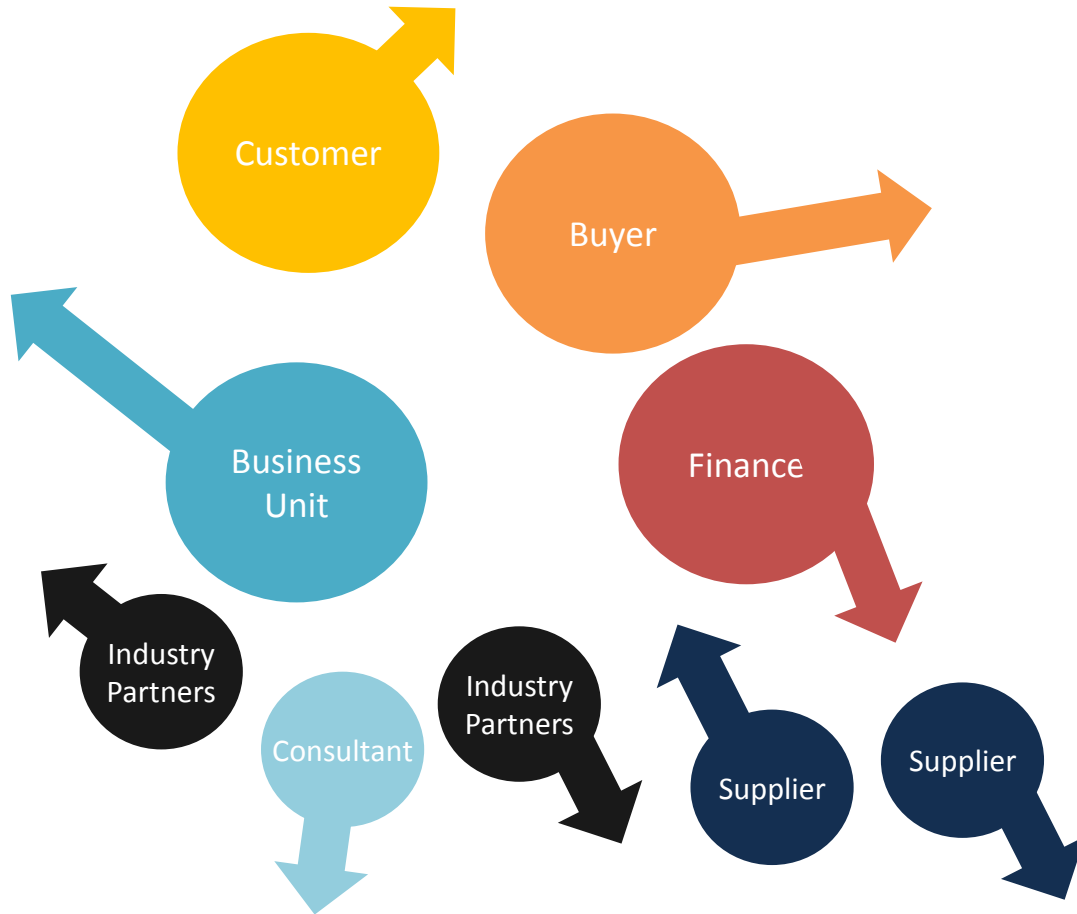
Vendors sell hot dogs, not services and value

“Value Network” Approach

- Alliance model
- Focus on values and strategic fit
- Collaboratively work with partners to improve capacity and capabilities
- Better margins for all partners
- Improve value chain performance and competitive advantage
- Increases innovation and productivity

Partnering relationships built on trust and collaboration

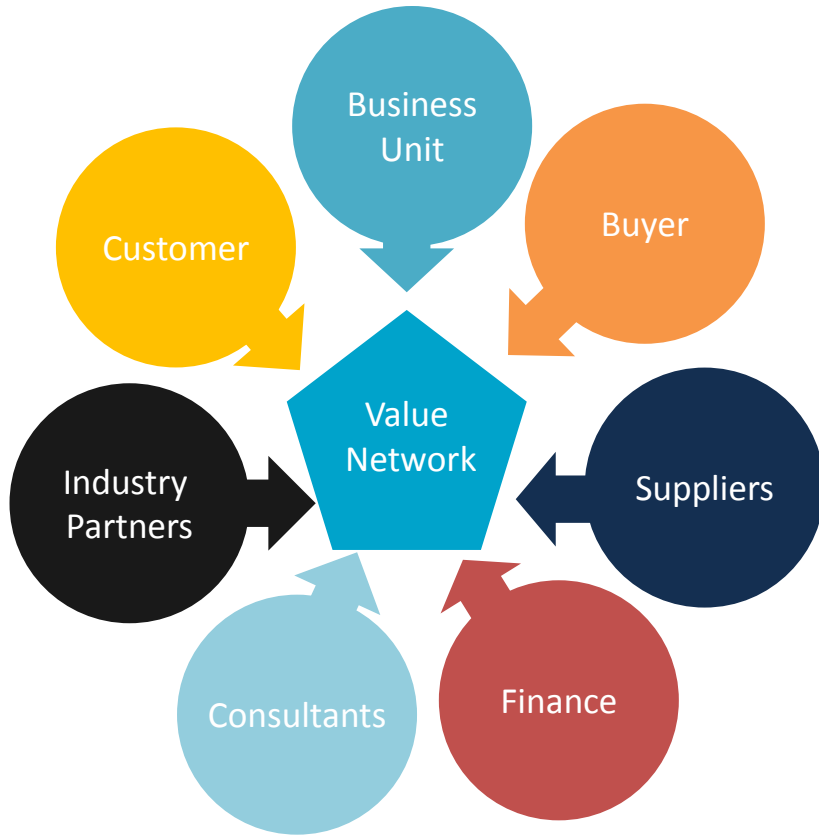
The traditional “Vendoring” model negatively impacts productivity



Features

- Competing incentives and priorities
- Adversarial vendor relationships
- Limited communication between supply chain members
- Frequent change orders
- Wasted materials
- Inefficiencies
- Time and cost overruns
- Dated and inefficient contracts
- Lack of trust

The proposed “Value Network” model increases collaboration & innovation



Features & Benefits:

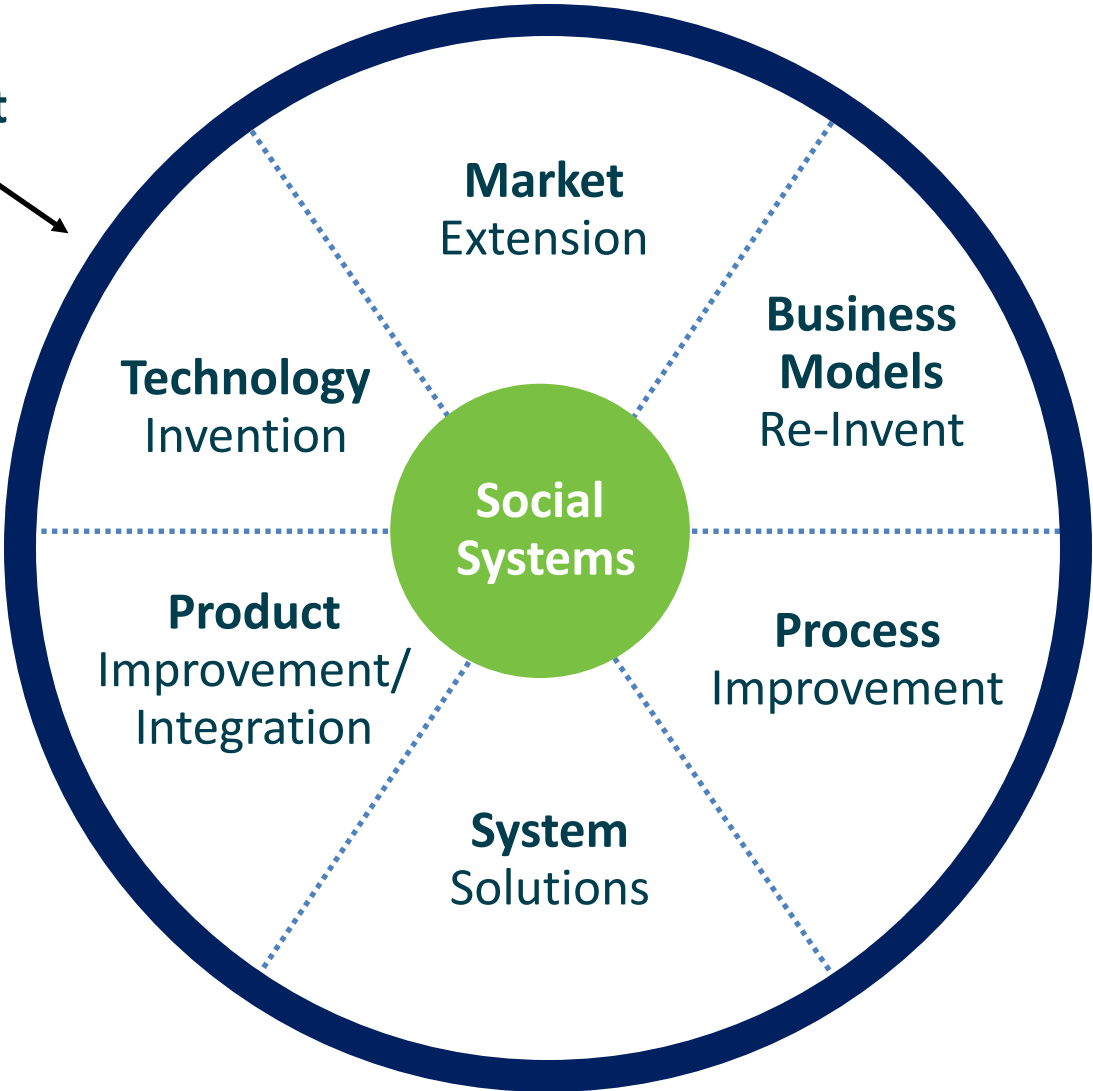
- Early involvement of key participants
- Shared risk and reward based on network outcomes
- Reduced liability exposure
- Jointly developed and validated targets
- New contract paradigm, ex. IPD
- Reduced supply delays and cost overruns
- Limited change orders
- Increased accuracy in planning & scheduling
- Increased efficiencies during execution

“Innovation is two or more people or organizations working collaboratively towards a common goal of the commercially successful exploitation of new technologies, ideas, or methods through the introduction of new products or processes, or through the improvement of existing ones, adding new sources of growth”.



GO Productivity's Innovation Wheel

Management
Actions &
Processes

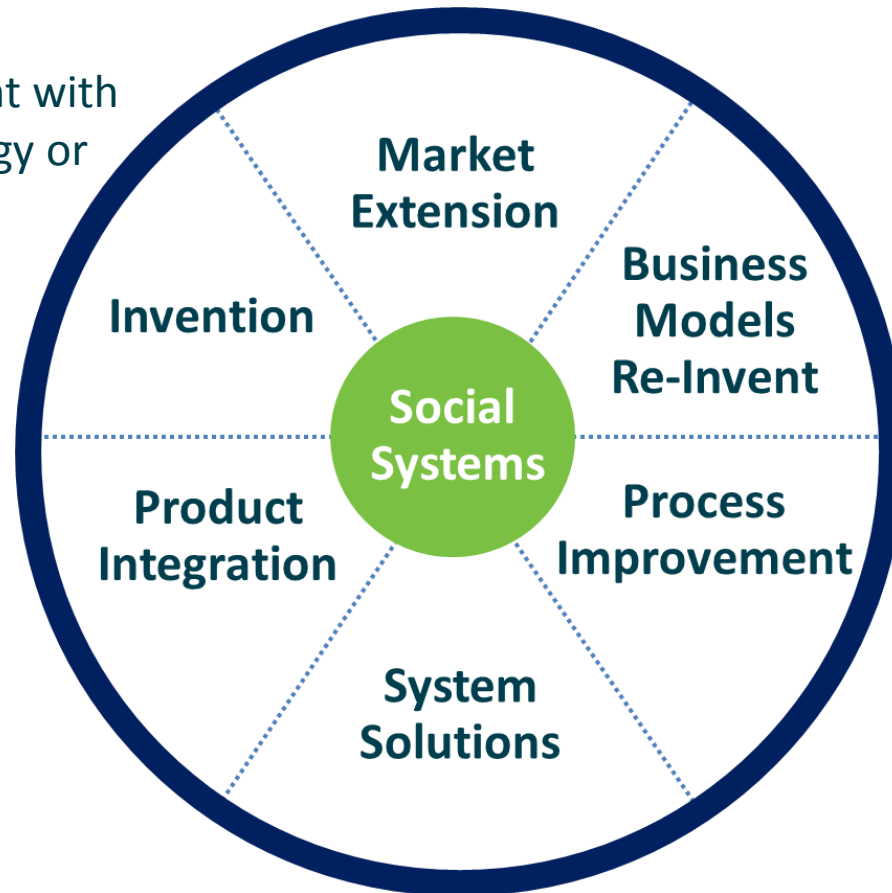


Think of ways you could innovate...

Market Extension - Meeting a need in the marketplace where no solutions exist or adapting a product for use in a new market

Invention - Product creation/development with a new core technology or with breakthrough technology

Product Integration - Improvements to products in ways that allow companies to be more competitive, to create new value to the customer or to increase productivity

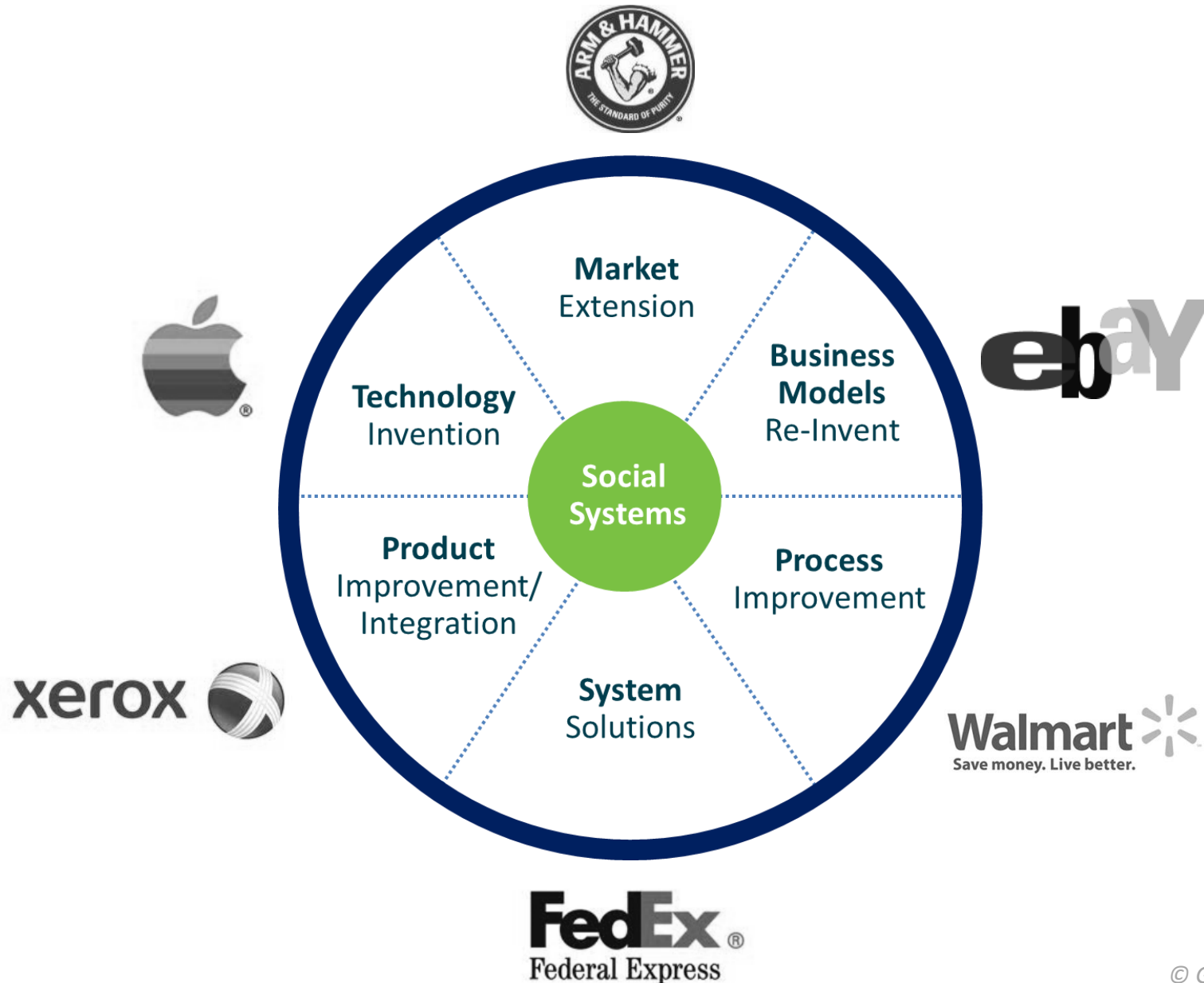


Business Models - Reconfigure the nature of the business to make it easier to do business, devise better ways to be profitable, or use resources in a new way

Process Improvement - Make processes simpler, faster, more accurate, more reliable, less expensive, or more integrated

Systems Solutions - Rethinking & integrating existing systems or generating new systems to solve existing problems

Seven Types of Innovation



Think of Some Ways You Could Innovate...

Social Systems - new ideas - products, services and models - that simultaneously meet internal and business environment social needs and create new social relationships or collaborations. They are innovations that are not only good for **the organization** but also enhance **the organization's** capacity to act in the marketplace, with partners, etc.

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Business Models - Reconfigure the nature of the business to make it easier to do business, create more integrated products and services, devise better ways to be profitable, or use resources in a new way

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Product Improvement/Integration - Improvements to products in ways that allow companies to be more competitive, to create new value to the customer or to increase productivity

Technology Invention - Product creation/development with a new core technology or with breakthrough technology

Critical components to Innovation



A close-up photograph of a person's hands resting on a red running track. The hands are positioned on a white starting line, with fingers spread. The track has white lane markings and numbers, including '43' and '42'.

Steps to start innovating for productivity

**Innovation needs to be more than a value
statement and just a part of the job**

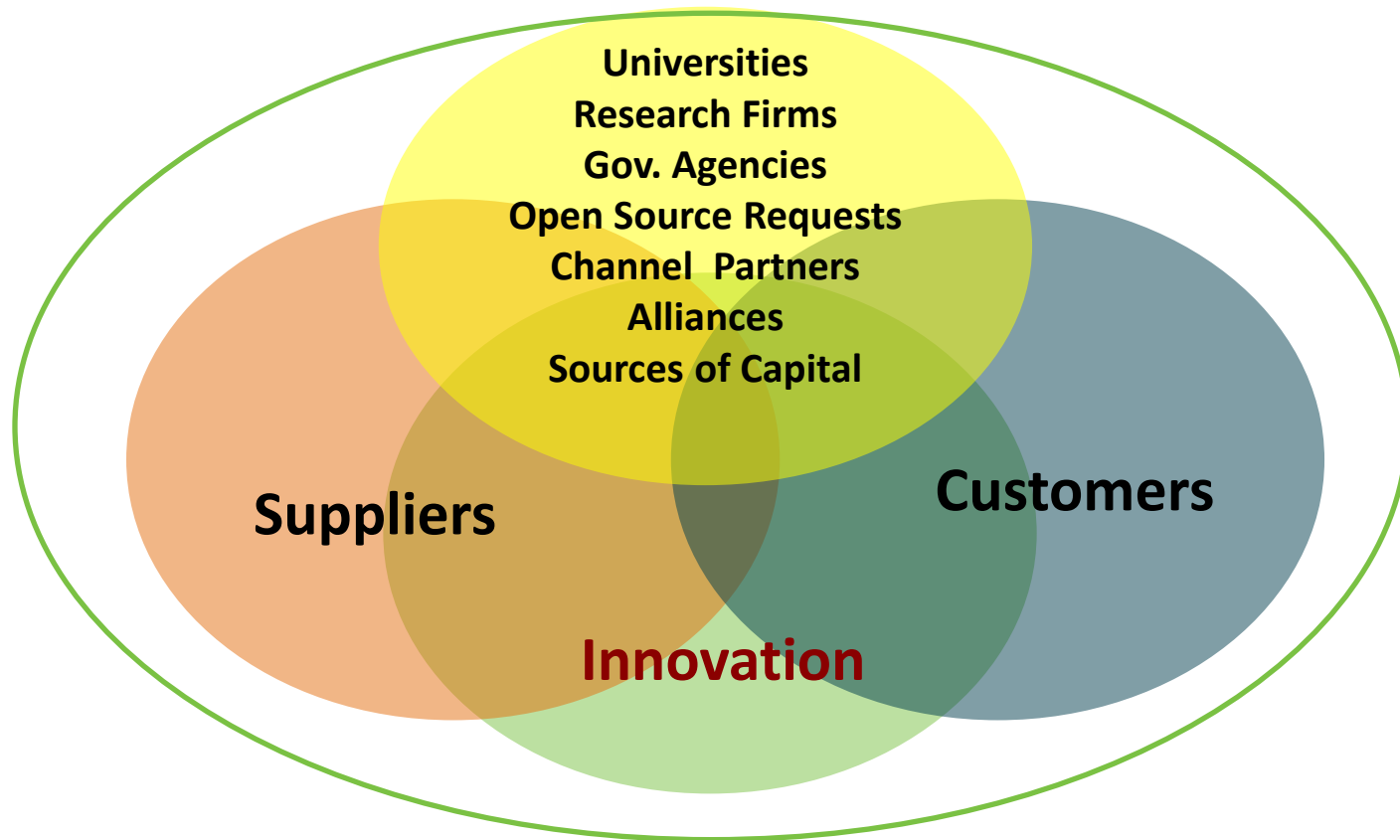


**Step 1 –Build the climate
of innovation (forget
culture for now...)**

Step 2 – Support idea generation & flow



Establishing & sustaining idea flow through the innovation value networks



Support idea generation & flow from all employees


	Japan	United States
Number of ideas per employee	37 (1 idea /employee every 10 days)	0.12 (1 idea/8 employees each year)
Adoption rate	87%	32%
Average net savings per adoption	\$126	\$6,114
Net savings per 100 employees	\$422,000	\$22,825

Toyota receives 900,000 ideas from its North American employees each year.

Step 3 – Establish management & support systems for innovation

1. Define focus and flows
2. Manage flow
3. Add the support system(s)
4. Design management processes and practices
5. Reinforce trust

Step 4 – Optimize innovation through HR & social systems

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1. Hire and train
 2. Including in reviews
 3. Aligning reward system(s)
 4. Create social opportunities
 5. Set expectations

Innovation Networks as sources for collaboration

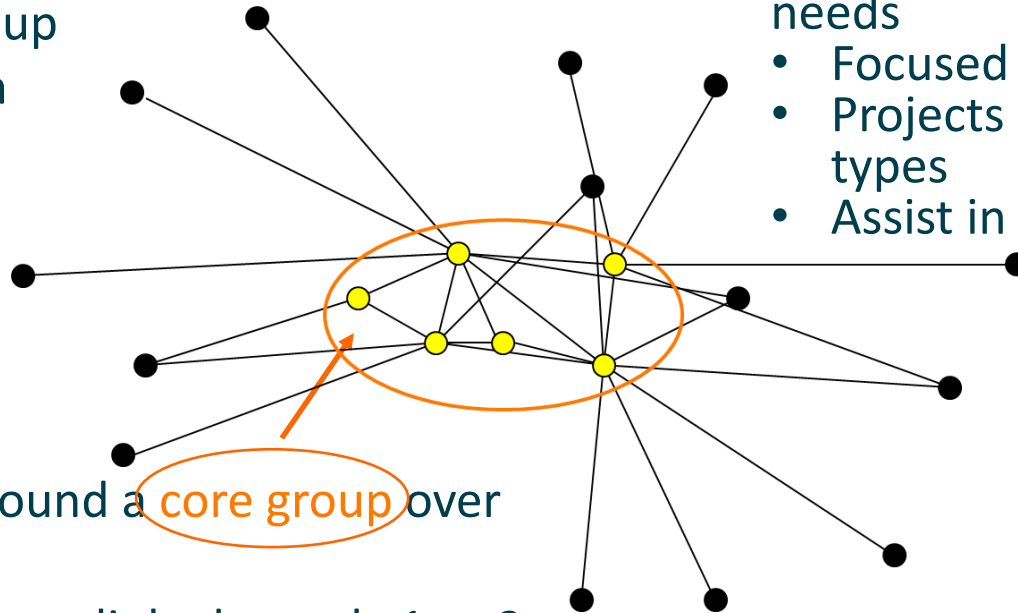
Social Networks:

- Develop around an individual,
- Not a core group
- No goal driven purpose

CoINs (Collaborative Innovation Networks)

Industry specific productivity needs

- Focused innovation
- Projects in 7 innovation types
- Assist in implementation



CoIN/CKN

- Develops around a **core group** over time
- Some members linked to only 1 or 2 core members
- Collaborate towards common goal
- Goals central to the Network, not the individual

CKNs (Collaborative Knowledge Networks)

- Diffuse tools and processes
- Transfer knowledge
- Provide “the toolkit” from learnings

Apply the steps

Step 1 – Build the climate of innovation

- What will your company/organization DO or NOT DO? List 3-5 specific things for each area
- What opportunities do you have to build collaborative relationships with suppliers, customers, competitors, others?

Step 2 – Support IDEA generation & flow

- Identify and list 3-5 IDEA sources for an innovation type

Step 3 – Establish management & support systems

- What barriers to innovation exist in your company? What could be changed to better support?

Step 4 – Optimize Innovation through HR & Social Systems

- What's missing in your organization, that if there would better facilitate/enable/foster a climate of innovation?



9 Rules To Stifle Innovation

1. Be suspicious of any new idea from below
2. Invoke history
3. Keep people really busy
4. In the name of excellence, encourage cut-throat competition
5. Stress predictability above all
6. Confine discussion of strategies and plans to a small circle of trusted advisors
7. Act as though punishing failure motivates success
8. Blame problems on the incompetent people below
9. Above all, never forget that we got to the top because we already know everything there is to know about this business

excerpt: Rosabeth Moss Kanter Jan 2013

Questions, Comments & Discussion



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