

Open Innovation Gaining Momentum in the Food Industry

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Shortened product life cycles, rapidly changing customer preferences, cluttered retail shelf space, private label competition, and the need to do more with less are just a few of the challenges facing food companies large and small. To address these challenges, many companies are adopting an open-innovation strategy, which allows a greater level of experimentation in bringing products to the market quickly with a lower level of risk.

An open-innovation approach can provide a spectrum of collaboration opportunities: from sharing technologies more effectively internally to partnering more closely with key suppliers to finding new business partners in entirely different industries.

Though open innovation is still gaining momentum in the food industry, it is not an entirely new strategy for other industries. For years, technology and pharmaceutical companies used incubators and other external capabilities to stay ahead of the steep innovation curve. Eventually, the model spread to other sectors as companies realized that the only way to keep pace in an increasingly competitive and dynamic marketplace was to challenge the traditional model of internal innovation sourcing.

Increasingly, some of the most exciting advances are coming out of smaller, non-traditional organizations, perhaps in adjacent industries. What many companies don't realize is that by simply opening doors to external resources and expertise that complement, enhance, or accelerate the work already taking place, an organization may uncover a product or technology that will take it to the next level.

The reality is that to consistently deliver true marketplace innovation, companies need both open innovation and internal innovation. This combination can be thought of as connected innovation—companies connecting more effectively to smart people who can help manufacturers meet their business needs most effectively, be it colleagues, suppliers, food companies, or innovators around the world.

Open Innovation—A Strategic Priority for General Mills

In 2005, General Mills identified open innovation as a key strategic priority and formed a team charged with creating programs and processes to identify and engage external partners. In early 2007, the company formalized its open-innovation efforts and officially launched the General Mills Worldwide Innovation Network (G-WIN) to let the world know that it was actively seeking ideas from the outside. The company also launched www.generalmills.com/win, a website where entrepreneurs can learn more about the program and submit their ideas for consideration.

Over the past few years, General Mills has been able to develop some incredibly beneficial and sustainable partnerships; however, it saw the need to become more

focused and transparent in the way it seeks and connects with partners. At General Mills, the goal of open innovation is to give developers the broadest pallet of capabilities, internal or external, that they can choose from to create breakthrough innovations in taste, health, and convenience.

Within the last year, General Mills expanded the G-WIN team with the addition of Innovation Entrepreneurs who work with each of General Mills' business divisions to identify connected innovation opportunities with the most business relevance.

The company also updated the G-WIN Web portal, where full details of technical challenges are posted, making it easier than ever for external partners to find ways to connect with the company on innovation initiatives. Scientists, researchers, engineers, inventors, and entrepreneurs around the globe are invited to visit the website and view these challenges, responding with their innovation solutions. Visitors can also join the G-WIN community by registering online to receive ongoing updates about specific technical challenges that match their unique abilities and expertise.

The G-WIN portal also allows visitors to submit novel ideas. General Mills is interested in product, package, and processing technologies that are applicable to the company's categories or brands, uniquely meet an unmet consumer need, have been proven technically feasible and can be applied quickly, or are potentially game changing for the food industry. The company will evaluate proposals and will respond to all submissions within three weeks of submission.

Tips for Developing a Successful External Partnership

There are several variables to consider when venturing into an open-innovation partnership. Based on General Mills' experience in working on a wide range of projects with partners of all sizes, the company has identified the following tips for entrepreneurs seeking to develop a successful partnership with a larger company.

Create a differentiated opportunity. Articulate the unique and proprietary aspects of your product. How is it different and how is it better than anything on the market? Is there an opportunity to be first to market with a breakthrough new product? Explaining the unique benefits of your innovation up front will give the company a reason to take a closer look at your proposal.

Test your innovation. Develop a pedigree for the product. You will be ahead of the game if you are able to get your innovation into the hands of its end user. This will allow you to speak to the in-market performance and the consumer or retailer reaction. Some of General Mills' partners, for example, came to the company with insights from selling their products on the internet, in small regional grocery chains, or on college campuses. That learning can go a long way toward helping a company understand the unique consumer benefits of your product.

Be selective. Focus on your lead candidate and avoid courting multiple partners at once. A company wants to know you are committed and willing to work together to ensure that the opportunity will produce competitive advantages in the marketplace. And remember, most companies want to create relationships for the long term. Take the time to do it right.

Find a contact to be your champion. Navigating the politics and processes of a large corporation can be challenging. Having a tour guide is very helpful. For example, at General Mills, key contacts are members of the G-WIN team. The G-WIN team is always available to answer potential partners' questions about the organization, processes, and partnerships in general.

Do your homework on the potential partner. Use available public information to educate yourself on your potential partner's lines of business, key strategies, industry, and competitors. You should also familiarize yourself with the economics of

the industry so you are well versed in the financials before getting into any conversations about important details such as licensing fees.

Connect the dots. Make the connection between your proposed innovation and the company's business model and brand. For which product platform or division do you envision it to be a good fit? How would this help the company's bottom line?

Demonstrate that you can deliver. Describe your team's experience in the industry. Prove that your product is scalable to the volume demands of the partner's business. Have any claims you make about the product validated (e.g., health claims) and be sure to speak to the company's priorities. For General Mills, food



quality and safety are important, and the company wants to know that partners share the same values. If you do not have the expertise in a certain area—manufacturing, safety, etc.—don't be afraid to tap outside consultants to develop those capabilities within your operation.

Have a business model in mind. Communicate the type of opportunity you are looking for, but stay flexible. Oftentimes, it makes the most sense to start with a smaller opportunity and then grow that into a broader, deeper partnership.

Part on good terms. If either or both companies in the partnership decide to pass on an opportunity, walk away gracefully and leave the door open to future

collaborations. Often, it is just a matter of timing—the best opportunity for collaboration may not be the first proposal, so maintaining rapport is an important element of eventual success.

Partner Benefits

General Mills is dedicated to building meaningful and sustainable relationships that will not only benefit the company and its brands, but also its external partners. The company believes that innovation—whether it is a product, packaging, or a process—should deliver mutual benefits to the company, its partners, and the consumer.

The company is very proud of the portfolio of successful products to which G-WIN has contributed. Since the launch of G-WIN, more than 40 new General Mills products have incorporated a significant portion of external innovation, including Fiber One Bars, Pillsbury Savories, Progresso Light Soups, Yo-plait Smoothies, and Wanchai Ferry frozen dinner kits.

Open innovation also allowed the company's international Wanchai Ferry brand to quickly enter a new product category in the United States with less risk and investment and introduce the first major national brand of Chinese food in the growing premium frozen entrée category. Through work with a strategic partner in Thailand, the company worked to create its line of frozen entrées that allows consumers to make restaurant-quality Chinese food at home.

General Mills' consumer insights found that Chinese food is the most frequently eaten ethnic cuisine in restaurants, yet people avoid its seemingly complicated preparation. The new Wanchai Ferry frozen entrées introduce a convenience factor to the market and offer the perfect meal solution for people wanting to bring delicious variety to their home dining experience.

To gain entry into the category, General Mills sought the expertise of an outside partner with experience in Asian foods. The companies collaborated on the creation of two varieties of Wanchai Ferry frozen entrées—Shrimp Lo Mein and Sweet & Spicy Shrimp. General Mills was able to leverage the partner's expertise in authentic Asian flavors and use of premium quality ingredients. General Mills worked on building the flavor profiles and convenience features that would appeal to U.S. consumers. The partner was instru-

mental in translating those flavor profiles using their authentic, premium shrimp and Asian ingredients to create two popular varieties of Chinese restaurant-quality meals.

In addition, General Mills worked with the partner and its film supplier to develop a novel way to produce steamable microwave rice pouches. The innovation allowed Wanchai Ferry to introduce the first frozen entrées in the market with convenient microwaveable jasmine rice in combination with the meal kit—a true market differentiator. Other frozen offerings in the market require consumers to cook the rice on the stove.

Successful innovation hinges on having a deep understanding of consumers and being able to meet a specific consumer need more effectively than the competition or being first to market with that revolutionary product. The growth of new channels, including dollar stores, drug stores, and club stores, is increasing the demand for products tailored to these specific shoppers. Open innovation is a way for companies to be more nimble in addressing these needs and quickly realizing some of these growth opportunities.

Tenacity is a requirement for any company looking to build a successful open-innovation program. It won't be easy, and there may be starts and stops, but your entire organization and culture must fully commit to open innovation for the long term in order to see results. Over the past few years, General Mills has seen tremendous success by embracing the concept of connected innovation across the company—in packaging, new product development, research collaborations, and more. The company has fundamentally shifted the way they look at innovation, paying attention to the crucial importance of communicating the benefits of connected innovation inside the organization.



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A Perten ad appeared here in the printed version of the journal.