

More Suppliers to Fail

Next 45 days looks grim for many

U.S. Innovation Lagging

New thinking on decline just when it's needed most

Auto Restructuring Not Over

Change to continue for another 20 years

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American Product Innovation Lags Other Countries

Innovative thinking is declining in the U.S. at a time when it's never been needed more.

"Although we are considered one of the most innovative countries in the world, especially dominating the 20th century, the U.S. is sixth overall, right behind South Korea," says Jeff Disher, president-Disher Design and Development, using data from The Information Technology and Innovation Foundation.

Indeed, America's trading of high-tech products with other countries has been

negative since 2002, Disher says. Just 54% of patents applied for in 2008 were awarded, according to the U.S. Patent and Trademark Office.

Of these, 2% led to products on the market, and only 25% of those have been commercially successful, he says, noting that's equivalent to 0.25% of all patents applied for last year. "That's like one hit in 400 times at bat."

So what's slowing innovation? Often, companies are their own worst enemies, Disher says, citing poor execution, too many projects under development and lack of funding as key reasons for declining innovation in the U.S.

"It will take solving the right problems and solving problems right" for innovation to once again proliferate, he says.

Consumer desirability, business viability and technical feasibility should be equal components of new-product development. Yet, the first goal is where many companies fail, Disher says, citing New Coke.

"If you don't understand the market well enough, you don't understand the problem you're trying to solve."

A strong management team also is a big factor in successful innovation. Disher's firm uses "Whiteboard Wednesdays" to

clear the mental clutter.

Each week, executives hold a half-hour brainstorming session with potential clients that are "free taste tests" of what the firm can do, he says.

The company's innovative thinking has led to the creation of a sill plate for Ford Motor Co., used in the Ford Mustang. The plate utilizes one light-emitting diode instead of the industry standard of 16, saving the auto maker untold amounts of money.

Others speaking on Disher's panel, Accelerated Innovation, say fully integrating all parts of a company in the innovation process is key.

Magna International Inc.'s James Tobin says an auto maker's supply base needs to be brought into the innovation process early. Otherwise, the company runs the risk of finding out later a raw material needed to create a new product is not available.

Dana Clarke, president and CEO of Applied Innovation Alliance, says the stark difference in innovation between Silicon Valley and the auto industry is money. Most of the funding comes from venture capitalists, which like instant gratification that the auto industry's long lead times generally don't provide.

► Christie Schweinsberg



Innovation led to creation of one-LED sill plate, Jeff Disher says.