

SC21

supply chains for the 21st century

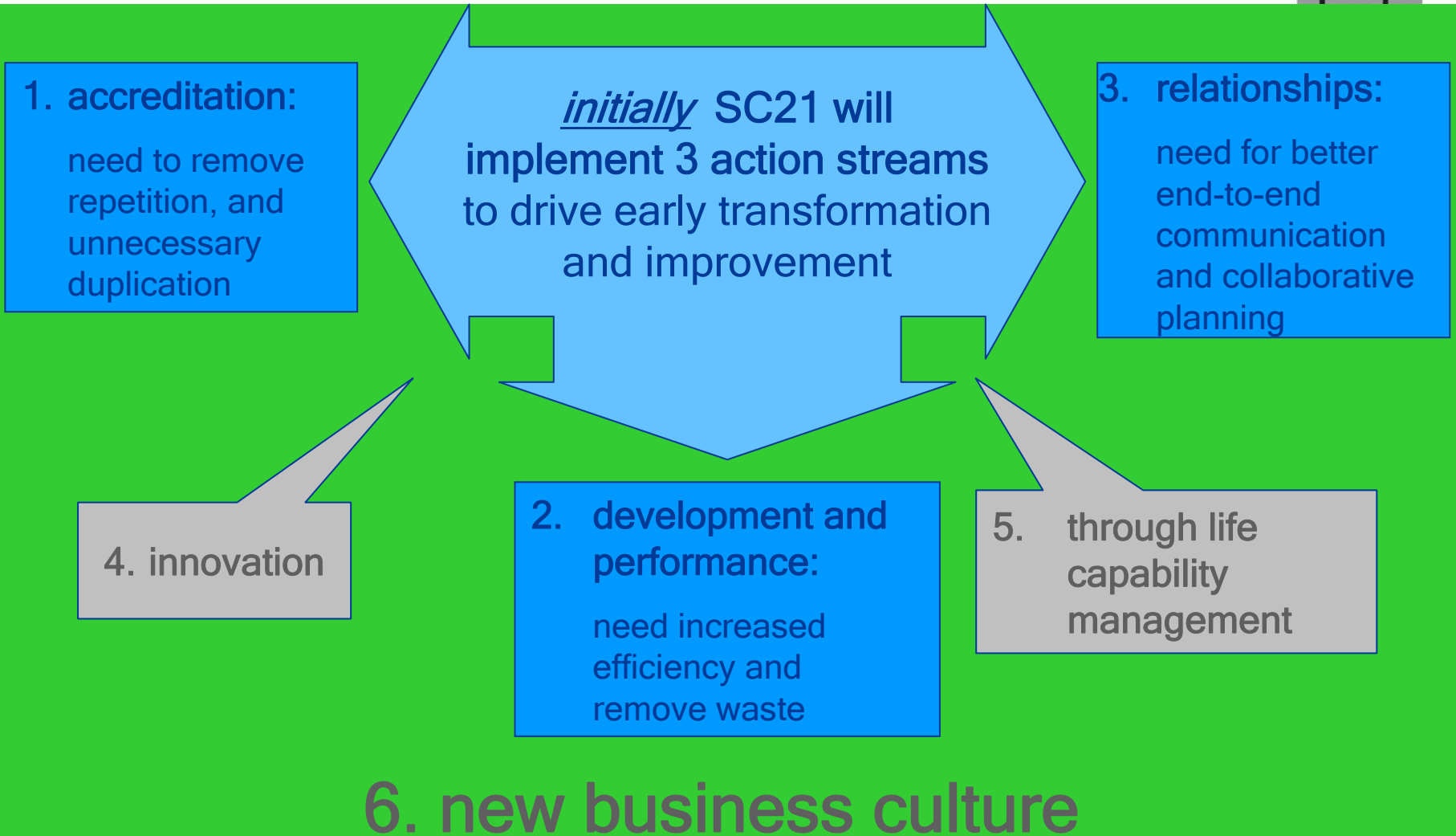


Innovation - MoD Abbeywood



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What is SC21 - SC21 scope



What is Innovation & why is it important ?



- The generation of an idea or invention and
- the conversion of it into a business, or other useful application

- Two basic theories
 - Market Pull & Technology Push
 - Value innovation is different from technological innovation - value innovation can occur with/without new technology, technological innovation does not necessarily produce value

- Why is it important
- “....in a period of rapid change, the best - perhaps the only - way a business can hope to prosper, if not survive, is to innovate” - Drucker

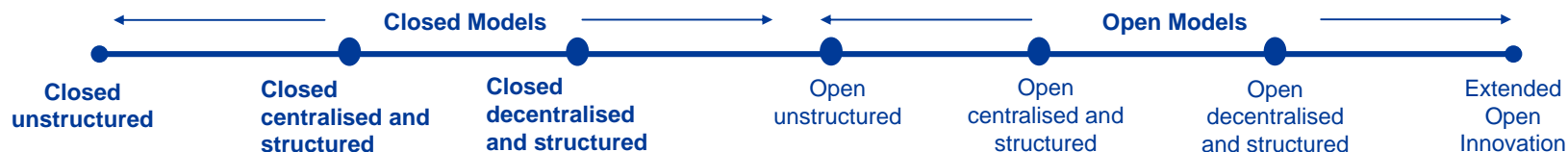
- Stimulation of technological innovation in the Supply Chain

- Development of Business Process innovation in the Supply Chain

Innovation models can be classified by their degree and type of interaction and collaboration



Innovation models can be positioned on a continuum according to their degree and type of internal and external interaction and organisational structures



Closed Models	Open Models
<ul style="list-style-type: none"> •At one extreme innovation takes place inside the organisation in an ad hoc way. •The next level of Closed Innovation puts structures in place in a centralised function •Typically there is a defined system of operation with clearly stated 'hurdles' or 'gates' which must be passed before further initiative development. It is <ul style="list-style-type: none"> -Process orientated involving idea filtration, and labs for testing and assessing ideas -Uses a number of measures and assessments -Less collaborative and more directive -Limited flexibility, responsiveness and agility -Diminished opportunity for refining and recombining ideas and cross-pollination 	<ul style="list-style-type: none"> •At the extreme extended open innovation is organic, unstructured, and community-based •Open models are collaborative. They are: <ul style="list-style-type: none"> -Flexible allowing individuals freedom to explore ideas -Less rigid and more loosely governed -Less reliant on standards, tests and measures -More free-flowing, creative, unstructured and organic. •Open Innovation models involve varying degrees of coaching, facilitation, external collaboration and interaction •Regular communication affirms the values and desired behaviours and results in a feeling of individual responsibility for innovation •Intentional slack within the organisation with appropriate reward systems nurtures informal networks, freedom of ideas and acceptance of unconventional initiatives

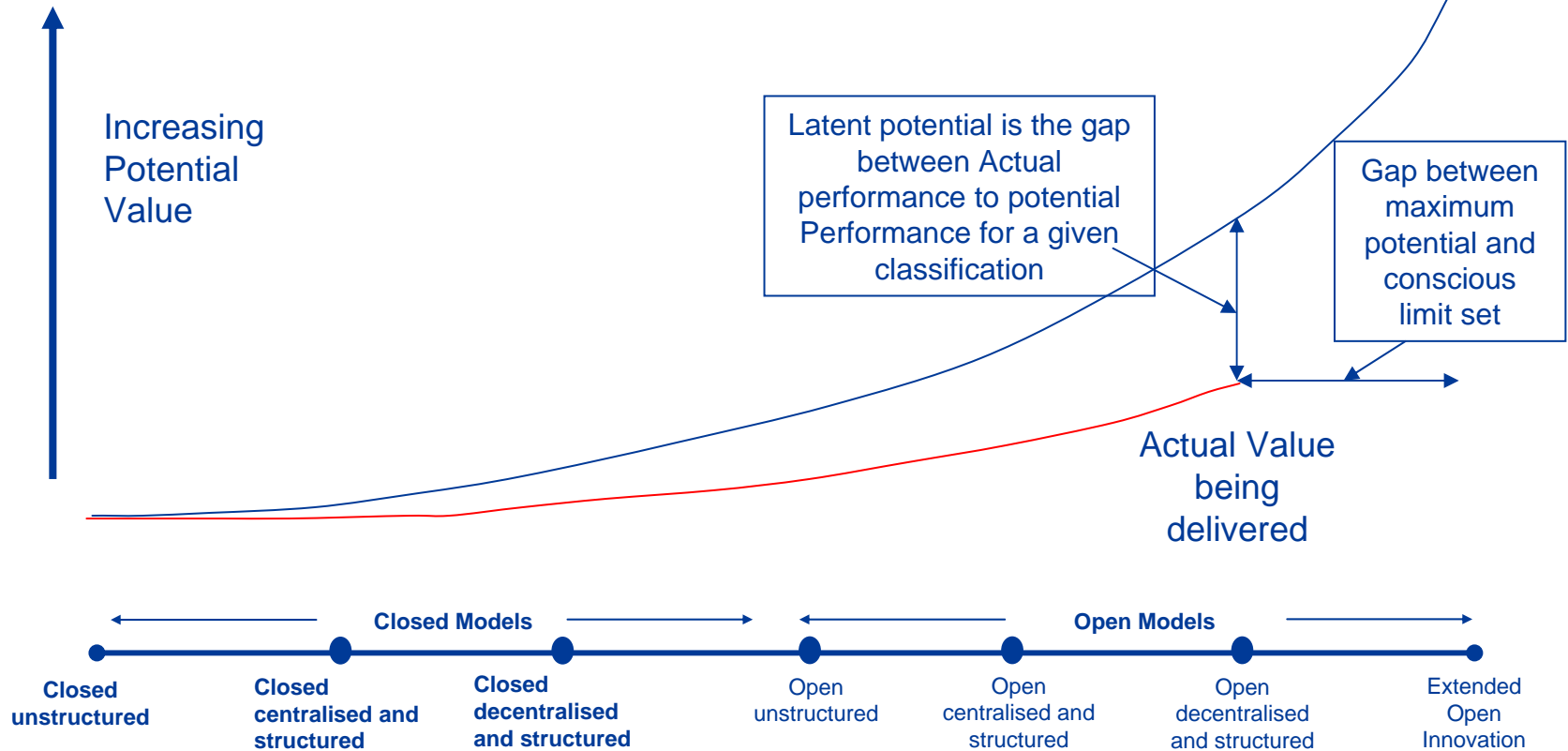
Each organisation Innovates in a way that is compatible with its particular culture



- No single approach is “best” in all circumstances - be cognisant of the primary style that best suits the culture
- Adopting a single approach can be detrimental as all approaches have advantages & disadvantages
- Good leadership can optimise the value from innovation by adopting different models as circumstances dictate

Key Disadvantages of the Closed Models	Key Disadvantages of the Open Models
<ul style="list-style-type: none"> • Process-orientated and potentially less agile • Hierarchical and directive nature can stifle creativity and limit the scope • Minimal degree of collaboration limits cross-pollination of ideas and further development of initiatives 	<ul style="list-style-type: none"> • Ideas are not always developed with optimum efficiency and productivity • Harder to monitor and measure progress of initiatives against innovation targets • Lack of rigid standardisation can lose focus on business realities and core competencies
Key Benefits of the Closed Models	Key Benefits of the Open Models
<ul style="list-style-type: none"> • More focused approach to achieving set measurable innovation targets • Progress towards targets can be easily measured and monitored • Highly productive, with predictable, standardised outcomes across the organisation 	<ul style="list-style-type: none"> • More flexible with more individual autonomy over process and method of innovating • Emphasis on freedom encourages participation and accommodates individual styles • Encouraging collaboration and exploration is more likely to result in genuine innovation that challenges traditional boundaries

The Greatest Potential Value comes with the most Open Approach

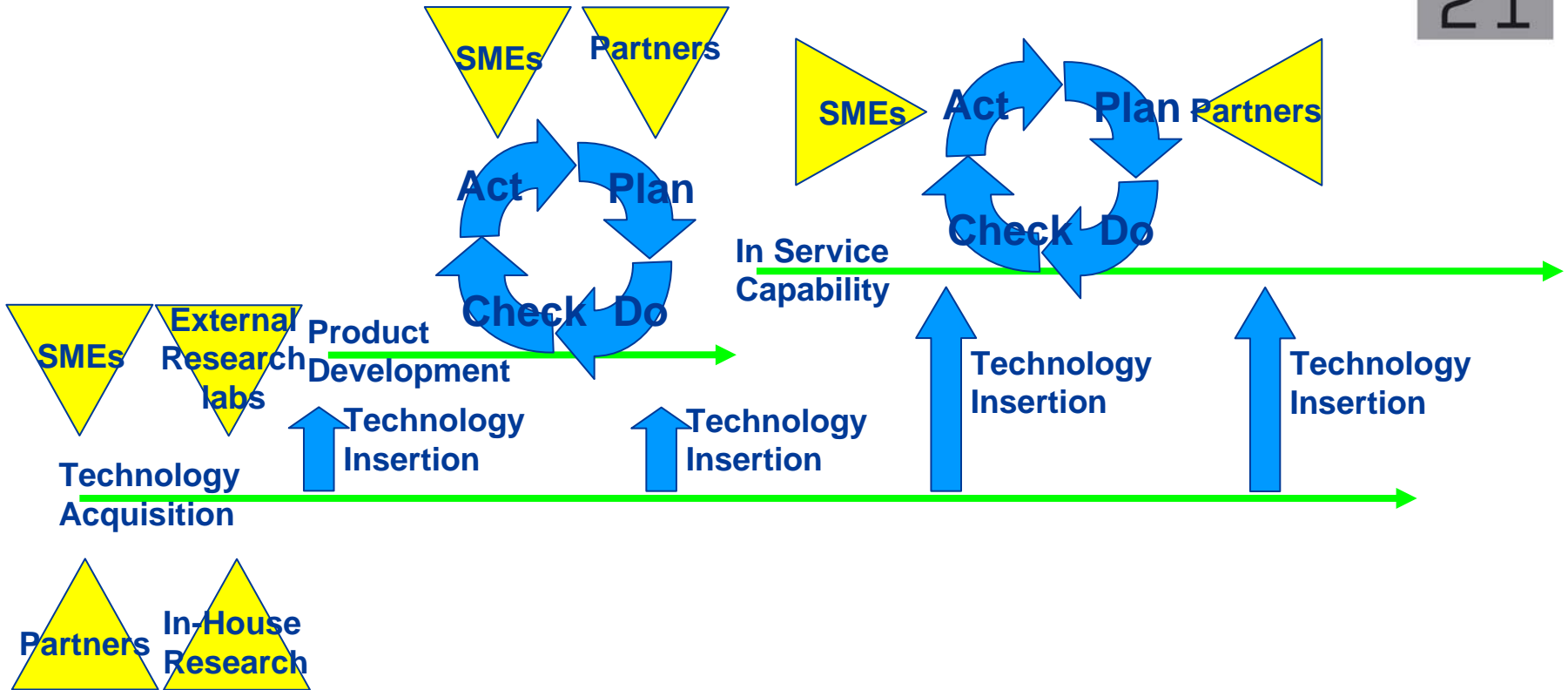


The Approach



- All companies from the top tier lead systems integrators to the smallest enterprise in the value network have a role in delivering innovation
- Assessing an organisation's characteristics will establish where it currently sits on the continuum from closed to open
- Having established where an organisation prefers to be it will be possible to develop options and an action plan for moving up the continuum
- For some companies the top of the ladder will not represent where they want to be ultimately. One size does not fit all, the right innovation models depends on circumstance

Innovation happens all along the value chain



Innovation Workstream



- Will look at two themes :-
- Stimulation of technological innovation in the Supply Chain
 - Work in conjunction with the newly-formed Aerospace & Defence KTN and the NDIC RDG activity
- Development of Business Process innovation in the Supply Chain
 - A natural follow-on from the SC21 launch activity, it can take several forms dependent upon the maturity of the relationship
 - Driving IP down the supply chain - Customer (at all levels) focuses on core competence, and relies on supply chain to provide smart solutions - creates Value Chain
 - Driving IP down the supply chain - as above, but supply chain works together with agreed lead (integrator) - could be across the supply chain or regional
 - Driving IP down the supply chain - a combination of the above
 - E-business
 - Regional/National Distribution Centres
 - Use of Logistics specialists