



Interview with Carol Pletcher Chief Innovation Officer Cargill Inc.



Carol Pletcher is a seasoned Cargill executive with proven expertise in creating growth opportunities and implementing innovation methodologies and has outstanding skill and ability in leading organizational change. In her role as change agent, she was a key leader in Cargill's efforts to develop quality, identify and safeguard Cargill's intellectual capital and to enhance Cargill's reputation for innovation by capturing and rewarding the full value of the innovation. Carol has received the Business Week award for the Top 25 Innovation Champions and the University of Minnesota Outstanding Achievement Award. You can reach Carol at Carol.Pletcher@comcast.net

Interviewed by Doug Berger, INNOVATE LLC. doug@innovate1st.com

Doug: Carol, let us begin with Cargill's perspective on innovation?

Carol: The company embarked on a serious look into the future beginning in 1999 and identified three things that we needed to add to our portfolio of skills.

1. More intentional focus on the customer.
2. Change our internal systems to promote high performance.
3. Be more innovative.

The company has been in business for 140 years. Cargill has a long and actually very distinguished history of significant innovations. They were episodic, however, and driven by a specific urgency. Ideas in and of themselves are never in short supply. It is the process for getting ideas into the value creation mode, which is in short supply.

Having said that, it became important to figure out what innovation was in Cargill. We finally arrived at a definition that could be inclusive in terms of a wide array of businesses as well inclusive to people from every level of the company. That definition is has served us well and is one which I would like to share with you.

"Innovation is converting knowledge and insight into solutions that create distinctive value."

Now, I can tell you that having a definition gave us a great deal of communication power. Cargill, like many other companies, has a way of saying, "Well, that's not very innovative," or "That's not really an innovation." Having the definition really started to attack that underlying erosion of what you are trying to do with innovation. People could now say that it satisfied the definition. The second important thing that the definition allowed for is to know an innovation when you see one, even if it doesn't come with a label. Our definition allowed people to understand the common elements that constitute an innovation. Therefore, people were able to understand that a great innovation in marketing or treasury or HR was just as much about value creating as was an innovation in product development or supply chain or efficiency work.

In effect, our definition created a shared understanding and clarity.

Doug: How did you arrive at that definition?

Carol: The words were very carefully chosen. To begin with, the word converting conveys that this is a process. At Cargill, we know how to do processes, and we know that we can get good at them. We convert every day. We convert wheat into flour, we convert barley into malt, and we convert animals into meat. That there was nothing mystical or magical about the innovation process was a very important underlying message

We have inputs, which are knowledge and insight, and we have the output, which is a solution, and we know that the measure around the solution is distinctive value. Having the words distinctive value in the definition was also very important. People at Cargill talking about innovation would talk about iPods. Well, we don't do iPods. However, when you say the output of this process is distinctive value, people could start talking about distinctive value in many different areas. We took innovation out of the realm of "that's something that somebody else does" and plopped it right down into the middle of what Cargill does. The choice of words, therefore, was very important and intentional.

Let me give you a wonderful example. At one particular location, ideas were being gathered from people for energy conservation. One of the ideas that came in had to do with conveyor belts. There were three conveyor belts in three-quarters of a rectangle and somebody said, "Why don't we just put in one conveyor belt? We don't need to make a U-turn. We could just go directly from the beginning to the end." That one idea was worth several hundred thousand dollars of electricity savings in a given year.

Was that an innovation, was that somebody just doing his or her job, or was that just continuous improvement? Sorting it out isn't worth the energy - the take-away is that this was an idea and the knowledge about it came from an intern who had only been there for several weeks. Everyone else had walked right past that crazy arrangement of conveyor belts every day and hadn't put it together, but he had some new insight. He saw something that the people who walked by it every day didn't see.

Doug: Did distinctive value need to be economic or measurable?

Carol: As far as I'm concerned, it's the total delivery of your business system that delivers the value. Even though with a new product, for instance, you can say, "Well, the customer was able to do this with it," the new product has value because your logistics system delivered it in a cost effective way and had a good marketing plan. We have resisted trying to burden a single innovation with all of the economic value because that almost never happens.

Doug: For Cargill, 'innovation' very deliberately had an inclusiveness of being company-wide, and operation-wide, with no operation exempt from innovation. What elements were critical to the first stages of your innovation process?

Carol: In the early stages of the innovation effort, we put in place an innovation award, the result of which turned out to be significant. The award itself said, "Tell us about your innovation. Here's the definition, here are some things that we want to know. Put in your submission and the finalists get to come to Minneapolis and do a little workshop on innovation. And, by the way, if you win, you get to walk up on stage and shake hands with the president and CEO."

So clearly, the people came, they got their awards, and they display them proudly. We were hoping to find out quickly what the underlying mechanisms contributing to our strongest innovations could be. The whole award program allowed us to do that. It also

allowed the innovations that we had in the company to become visible, and when they are visible, you can then teach the organization. In so doing, we were able to answer key questions such as "are our innovations sustainable?" This was an area of dramatic change. The very first time we ran the award, almost none of the innovations had any intellectual property protection in place. By last iteration of the award program, there was a significant increase of intellectual property protection.

One of the things that we saw from 2000 to 2006, during which time four award cycles ran, was that the complexity, the competitive advantage, and the integrated nature of the innovations, continued to be enhanced, and therefore the value of the innovations continued to be enhanced.

Doug: In that first cycle, you were very communication intensive and you put together the innovation award. What were the other cornerstones that you put in place during that first cycle of innovation, as you were just building momentum for the whole effort?

Carol: We put together the definition. We put together the award as a way to recognize people. There was a resurgence of going after ideas. Our leading divisions provided a sense of direction to these ideas. They said things like, we need to reduce cost or solve customer problems or improve energy conservation. Then people began to realize that it wasn't about just the ideas, but it was about getting the ideas reviewed and analyzed and implemented. Now, within two weeks, we say "yes", we say "no" or we say something. That feedback loop is an engrained part of the energy source that continues to drive getting ideas.

Doug: How did you go about garnering the right level of top down sponsorship and action necessary in the early stages to get something like this off the ground?

Carol: People don't necessarily understand how a corporation demonstrates top-level support. Within Cargill, and American industry in general, there are bottlenecks. If you go back to the 1970's and 1980's, the bottleneck was quality. A series of initiatives ensued that each company handled in their own way, and as soon as the policies, procedures, and processes to bring quality up to the required standards were created and implemented, quality was no longer a bottleneck. The initiative doesn't then subside; it becomes integrated into the policies, procedures and processes. Similarly today, innovation has become the bottleneck, or at least people perceive it as a bottleneck for growth. This means that the policies, procedures, and processes of the past are no longer delivering the innovation perceived as needed for future growth.

The way that Cargill handles many of these kinds of management technology bottlenecks is to create corporate initiatives, but ones that are almost never mandated. When a corporate initiative is formed, senior management says, "This is a very serious issue that we have to address." In other words, the message being conveyed is that innovation is a serious issue and management has given a particular person the responsibility to figure out what to do about it and to get it done. I reported to a Vice Chairman, which was a very high reporting level. I had a budget that I was supposed to use to catalyze and facilitate what was going on in the company and to experiment with things that could actually de-bottle this constriction. So when we started, did we know exactly everything we needed to know? No. My job was to work on what were the various components that we could use to de-bottle this constriction.

Doug: With regard to innovations that go beyond the traditions of the company, how do you innovate the business processes, new business models, and products beyond what a division would ordinarily consider its playing field?

Carol: The example that is clearly my favorite of all time comes from Zimbabwe. In Zimbabwe, there was a financial crisis in the making. There was not enough currency in existence to lubricate

the local economy. We couldn't take and make a deposit in the bank and get currency because there wasn't any currency, and we couldn't pay our farmers for cotton we were going to buy from them. To make this even more urgent, the harvest time was coming.

This is clearly a part of the world where the economy sits at the edge of having difficulties all of the time. So, what were they going to do? They never said, "Well, we need a big innovation." They said, "We have to have a way to create liquidity so that we can buy the cotton, and if we can do that, then our farmers will have some sort of currency with which to actually conduct business within this area." After gathering many ideas, this group decided that Cargill would print a currency - not a fake currency but something akin to a script. They worked with the Cargill Global Treasury group and the Bank of Zimbabwe, and they printed some things called bearer checks, similar to bearer bonds. The financial support was sitting there behind them and we bought the cotton with bearer checks. Then the community began to use the bearer checks as currency. No one started out by saying, "Gee, we need a new business model." Instead, they said, "We have a very big problem, and we have to have a different solution." In this particular case, the solution was huge because it required our treasury group, regulatory people, and the people who deal with the Zimbabwe government. This was a very big, very complicated, what we would now call, and innovation.

You can be sure that this group did receive one of the innovation awards.

To come back to your question, when you're innovating beyond your ordinary playing field, I think people start out by solving big problems; they aren't necessarily aiming at new-to-the-world from the outset.

Doug: What would be the key elements of moving those ideas into actually creating the value?

Carol: You want ideas that are different. You are committed to doing it. You're willing to set up a process. Remember the guy who said, "Say yes, say no, but say something within two weeks." The people who are the most successful at moving ideas into value have a process, a scorecard, and they track how long a reply takes. They track how many ideas are implemented. In other words, they are intentional.

Doug: What else was instituted at the corporate level?

Carol: Across the company, there arose a group of people, somewhere into the several thousands of people, who said, "I need to understand more about what this is. I need to have better training. I'm going to sign on for innovation projects in my business unit." A loose group of Innovation champions arose. We set out to nurture them. I dialogued with them on a regular basis.

Doug: The other thing that must be in place is a way of populating the innovation stories from one division to the other.

Carol: Yes, of course. You do the awards. In addition, here there are a thousand people sitting in the audience who hear these stories. You take those stories, you use them in the Cargill magazine, and you use them in the various displays. I did a little newsletter to the innovation champions. We invited them to come and talk at other meetings. This was a group of winners and finalists.

Doug: Was there a way of passing along some of the specifics that might have been innovations in human resources or finance, or a different sales approach that would have had applicability from one division to the next?

Carol: There was pull. Things always go better if there is pull. We have an array of job families, and they have their own internal communication. Often, when there is a terrific innovation, it is embodied in something - a new training material or a new HR plan, for example. Those were leveraged through the job families.

Doug: I always want to give people a chance to speak about that which they are personally passionate. Your passion rings clearly throughout all of this. Is there something that you would like to highlight ... what really was at the heart of your own personal passion for this initiative?

Carol: If innovation is a corporate initiative then everybody needs to feel that they can participate. That clearly was my passion. For us the wellspring was scattered all over the place. Our analysis showed that the number of submissions for the Chairman's Award was directly proportional to the number of employees in a given region. We had Asia, Europe, South America, and North America. The number of finalists were distributed all around the world. If you want to harness this innovative energy, you have to have a system set up so that these people can bring their shoulders to the wheel. I'm passionate that everybody in an organization brings the solutions and brings the value, and your competitive advantage is gained when you add it all up.

People always ask me what my job was. A big part of my job was to create the innovation sandbox. You push with your culture, not against it. What are the things that you know about your culture? Well, I know that we like to show off our good stuff and that we have competitions and that walking up on stage is a great motivator to get people to do things for us. So this, the sandbox, creates the environment in which we're going to figure out what are the new policies, what are the new procedures, what are the new processes going to be.

In every company, the rules may be different, but they all have a set of things that if they push *with* their culture and not against it, they can actually go faster and do better. This is now the third one of these corporate changes, culture changes, with which I've been involved. My experience has taught me about how to use communications and communications and communications. For the most part, communication is the only real instrument that you have to make something out of your business. You cannot mandate, but you can communicate, and then what you get is pull.

Velcro Points

1. Innovation is converting knowledge and insight into solutions that create distinctive value.
2. Find out quickly what are the underlying mechanisms already contributing your innovations
3. Push with the culture.
4. Tell people "yes" ... tell them "no" ... just tell them quickly on any innovation suggestions.