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Achieve the extraordinary

December 2006

Interview with Cheryl Perkins, Chief Innovation Officer, Kimberly-Clark Corporation



Cheryl Perkins is Senior Vice President and Chief Innovation Officer for Kimberly-Clark. Reporting to the CEO, Cheryl is responsible for the product and technology development organization and the enterprise growth function. She provides visionary leadership to identify and transform insights, trends and emerging technologies into products and new businesses through acquisitions, strategic partnerships, joint ventures, alliances and by leveraging information technologies. Cheryl leads and has responsibility for the company's Research and Engineering organization and the enterprise growth function including the Enterprise Growth Incubator and Corporate Emerging Technologies. Cheryl can be reached at cperkins@innovationedgellc.com

Interviewed by Doug Berger, Managing Partner, INNOVATE LLC.

Doug: Cheryl, let's begin with the question: "What does innovation mean to you?"

Cheryl: When I think about innovation I am looking at anything that provides value back to our customers, shoppers and users. That value proposition could be a product or technology solution. It could be a merchandising solution. It could be a customer specific solution. Innovation means adding value to our key stakeholders and ultimately then generating value for our shareholders. This is how we know that it's making a meaningful difference.

Doug: When did this stage of your innovation journey begin?

Cheryl: I've been on this journey for about three years. We at Kimberly-Clark, like many other companies, were challenged to generate top line growth. We saw a lot of changing market dynamics in terms of customers and their requirements. We also saw the evolution of our shoppers and users. Being a consumer package goods, as well as healthcare and B2B company, we looked at a lot of the trends in the marketplace, and realized that we were satisfied but not necessarily happy with our innovation pipeline.

We have been a successful company for 130 plus years. We actually invented five of the categories in which we now compete. However, we haven't had consistent innovation year after year. We were looking to shore up our innovation pipeline across all of our businesses. How could we create new-to-Kimberly-Clark categories as well as new-to-the-world categories? And, how would we then ensure that we have an ongoing process and capability to do that day in and day out.

We also knew that our cycle time for getting innovations to market was not as competitive as we needed it to be. So we took a step back and began to ask ourselves how do we re-innovate innovation? Using what we call a STAR model, we

looked holistically at strategy, process, structure, people and rewards. We knew that we had to look at every aspect of the whole if we wanted to reinvent the way

we were innovating. We started by looking at our processes and we implemented an innovation management framework. We put new systems and tools in place to enable the processes.

Then we looked at how to do this more quickly, be more open and not do it all with internal resources. Previously, we had been very focused on our own core competencies. We didn't look outside for any part of the innovation or solution. We soon realized that we needed to move to an open innovation model and leverage the expertise and capability of others to bring forward these solutions.

For example, K-C makes Little Swimmers® training pants. They are a great absorbent product for use by children in a public pool. However, we knew we only had part of the solution. The other key concern of parents and grandparents is exposure to the sun. So we went out and worked with Sun Health Systems and in a matter of six months we were able to form a partnership and bring these sun sensors to market. It works like this - you put little fish on the children's bodies. The fish change color telling the parents that the child has had too much exposure to sun and needs to go inside. That's just one example of how open innovation and going to the outside has really helped us.

We also utilize contract manufacturing. Instead of building special assets that have a long lead time and require quite a big capital investment, we're going out and using other people's assets to manufacture a lot of these product solutions.

Doug: And those are some of the key ways in which you've been starting to think about innovation.

Cheryl: Right ... different processes, different systems, different tools and looking at things in the context of open innovation. We also did a large organization re-design. We added organizational capability for new-to-Kimberly-Clark and new-to-the-world type products and solutions. We formed a separate growth incubator that allows us to focus on the future. We also created an area focused on in-licensing and out-licensing capabilities specifically to support partnering with companies and people on the outside.

Last year alone we decreased cycle time by 50 percent, and this year we're looking to do another 20 percent or so by year's end. We're very happy with the progress we've made on cycle time. We're getting solutions to market faster and we're generating robust solutions which are meaningful to differentiating ourselves in the market. Some great examples of these products are Cottonelle for Kids and antiviral tissue and toiletries for babies and children. SpaSensial™ is a new line of personal spa products that are infused with intensive moisturizers and conditioners. We are leveraging these new capabilities to launch quite a few uniquely differentiated products.

Doug: What are the challenges of new-to-Kimberly Clark, new-to-the world?

Cheryl: It's almost like being an entrepreneur in a corporate environment. Obviously, one of the challenges is culture. We are trying to build a very quick, nimble, flexible organization that can respond to the trends in the market.

There is also a skill set component. Our people have to be very comfortable focusing in what I'll call gray space. In other words, they have to be able to translate the intangible into something which is tangible. Often this group has to anticipate where customers, shoppers or users are going versus where customers, shoppers and users tell them they're going. So the skill mix is very different.

Your focus can't be solely on product innovation. Your innovation has to be about the business model innovation, as well. Recently we've used different go-to-market models including a lean launch type of approach. This allows you to learn about the business proposition while minimizing risk. With this model, you can fail quickly and learn a lot.

Doug: How did you get the P&L operations of Kimberly-Clark to go along with and embrace these kinds of things?

Cheryl: The journey is all about the change process. It obviously includes increasing awareness and education on the role this organization plays and how it all needs to operate together. It's also about getting people who are very good at building relationships, bridge-builders, if you will. These are people who can bridge from this growth team into the organic business and who can communicate and manage stakeholders differently. It is still a journey for us. In some areas it's working really well. In other areas we've got more work and learning to do.

Doug: You might have something that you want to launch from a growth perspective that doesn't fit with the existing equities. What type of bridge opportunities are there to expand the equity in order to allow you to get to that growth space?

Cheryl: With SpaSensials™ we established a mini-business. We just launched that brand and it's actually through an Internet web-site now. We have a general manager and a separate small business team running that business.

Doug: They have accountability for development, marketing and sales?

Cheryl: Yes.

Doug: Do you anticipate that it will migrate into an existing equity or do you anticipate that it will grow into equity of its own?

Cheryl: In this specific area it is going to grow into an entity of its own. But there are others that could migrate into an existing equity. Much of this is new in our journey too, but I think both will happen.

Doug: And organizationally where does this set of growth incubators report?

Cheryl: Right now it reports into me as Chief Innovation Officer. However, it's very strongly linked and has objectives aligned with the individual business units.

Doug: Let's go back to the area of business process. Have you put in place any specific processes to facilitate the integration with the existing businesses?

Cheryl: Yes, as part of our innovation process. And, again I think it will mature as the model matures. We have only been doing this for a short time. We do have a process that we're using right now and we're refining that as we go.

Doug: What happens when an innovation does not fit with the growth strategy for Kimberly-Clark?

Cheryl: Sometimes what comes out of the incubator doesn't necessarily fit with our brands or our mission, like Gillette's Brush Ups, so we spun that off to Gillette. It's like a finger toothbrush and it came out of the growth incubator. As part of our open innovation model we didn't have an oral care brand or we didn't see ourselves going into oral care. Gillette marketed and sold the product, we manufactured it for them.

We also supply a lot of the filter media for 3M and DuPont. There are innovations for which we might not want to own the entire value chain, so we go outside with those.

Doug: Is there anything with regards to culture to which you've specifically attended?

Cheryl: We're still on a journey and the culture is evolving. Again, if you look at where the base businesses are, they have different risk profiles than the growth incubator. So I think it's a balancing act with regard to risk. You need to be smart about it, manage it, and make sure you get a balanced portfolio of what's good for the short term (next 12 to 18 months) and what's good for the long term (24 months to five years). It's getting the culture to adjust to a balanced portfolio and it's about managing the risk appropriately.

Doug: What are other innovations that you would like to highlight?

Cheryl: One of the neatest things for me is looking at children and toilet training. I saw this for myself, but I hear it all the time from our consumers - no two children train the same way. You often get frustrated with training children because they use a lot of toilet paper and they put it everywhere except in the toilet, and they don't get really clean. So, here's this big challenge. We're a toilet paper company, yet how do we create something that engages the child and also does what the parent needs. To me, the answer is not just making more toilet paper.

We went out and did a lot of research and observation. We found out that healthy habits is all about teaching children to do something fun. This year we launched Cottonelle for Kids. It's toilet paper on which is printed little puppies and tracks. Every five sheets there is a puppy, so they learn to tear at five sheets. And they love using this toilet paper because we've taught them that you follow the paw tracks to the fifth sheet. That's where you tear the puppy and you know you're doing it right. It's fun for them. And, by the way, it comes with a combination system, so there's also wet toilet paper along with the dry paper. You're teaching them, "Hey, this is really fun. You wipe first with this wet paper and then you dry with the little puppy." Parents love it and kids love it. And we found a fun way to teach healthy hygiene habits, too. That's what I'm trying to do - find ways that we go beyond the obvious to the non-obvious and find a way to make it routine.

Doug: This is a real innovation in a very established market.

Cheryl: Exactly. And it's very disruptive in an area where people would say, "Come on, what you are going to do with toilet paper?"

Doug: How did you manage to get all of the other aspects of the Kimberly-Clark business to really see the possibility that you saw? This obviously is a risky investment for them.

Cheryl: Yes, but what's interesting is that we have a bunch of new creativity tools that allow us to connect things and go through some different convergence and divergence processes. And the business actually drove this. They got very excited about the opportunity. Take the antiviral tissue, for instance. We've been able to take a base tissue, add some actives and now we have a tissue that actually traps and kills the germs between the layers of the tissue. I mean, who would think tissue could do that?

Family care is one of our businesses that are really bringing unique innovation to the market. I don't know if you've seen our Kleenex® Oval Tissues, but using

Kleenex in these wonderful decorative boxes allows it to become part of every room in your house. So, it's not just Kleenex in the bathroom anymore, it's everywhere.

The business actually has embraced this and is really running with these new tools and capabilities. They own it and are bringing very disruptive innovations to market. That's what makes me proud.

Doug: Were there any particular challenges that you faced in moving the business leaders to that particular place in their thinking?

Cheryl: That goes back to our change model. Obviously, if the businesses are used to doing things a certain way, they have to see the value of change. So you try to find a few successes that they can latch on to. Then you allow the businesses to take it, own it and do the transfer from a corporate entity into the business. You have to do the awareness and the education. If you help them find some successes, they'll want to take it and run.

Doug: Often, the way that real success gets reported takes on a certain sanitized view. I'm really interested in some of the lessons which you learned the hard way, that only experience could have taught you.

Cheryl: One of the things I learned is that you can be very passionate and committed to what you are doing but somehow, at some point, you have to make that transfer so that it's actually owned and driven by the businesses. You can't drive it from a distance, right? No matter how hard you want them to embrace it, until they actually own it ... as their own, it is not going to be successful. I have also found that you must be very good at sequencing these things. You can't download everything all at once. If people are in a mature business with a certain culture, they can't take everything on at once. You have to find the right sequence.

Also key to success is to find change agents within those businesses. If you link up your teams with those change agents, those change agents will help drive things. Not everyone can embrace, own and drive.

Doug: Let's change the line of the conversation to something a little more personal to you. What have been some of the key things over the course of your life that has really shaped your personal thinking about innovation?

Cheryl: Mostly what's shaped my own thinking is just my ongoing curiosity. I'm always looking outside for what I could do to make a difference. And it's not necessarily looking at what is obvious. I like connecting what's not obvious and translating that into something unique and disruptive. So, I always have my eyes open to the outside. What's going on with customers? What's going on with shoppers? What's going on with users? In my spare time I'm out there in stores hearing, listening and observing. What I see and what I feel, then, shapes where I want to go with this and what can be next for me.

What has the most impact on me is when I see a huge opportunity out there - the unspoken opportunity - and I translate it into something that's hasn't yet been talked about; something very unique which could be very tangible.

Doug: Please sum up for us the challenge in moving forward.

Cheryl: I think that the big challenge in moving forward is maintaining the momentum; making sure that you don't let either the organizational structure, the people or the processes get stale. Again, in innovation, as you know, as the market changes you've got to stay fresh. You've got to make sure it's evergreen.

Velcro Points

1. Approach innovation holistically ... strategy, process, structure, people and rewards.
2. Make innovation a true source of revenue ... eliminate internal handcuffs.
3. Create a separate growth incubator and focus on the future.
4. There is a large opportunity for innovation within existing consumer categories.
5. A personal source of innovation is curiosity.