

COMING UP WITH THE NEXT BUSINESS INNOVATION BREAKTHROUGH

--- Focus on innovation that matters ---

Background

Over time markets become saturated, and products and technologies mature. To stay in the game, companies must continuously develop new value propositions for their markets. To assure a company's livelihood, new value propositions must be real breakthroughs. The companies that are unable to differentiate are relegated to fighting for business based almost exclusively on price.

Innovation does not need to be a magical act of randomness, or dependent on a single person. It can be the result of structured processes that drives engineers and managers to create the next breakthroughs. The key lies in understanding customer's limitations better than anyone else (including the customers) and then finding breakthrough ideas to remove these limitations.

TOC Business Innovation

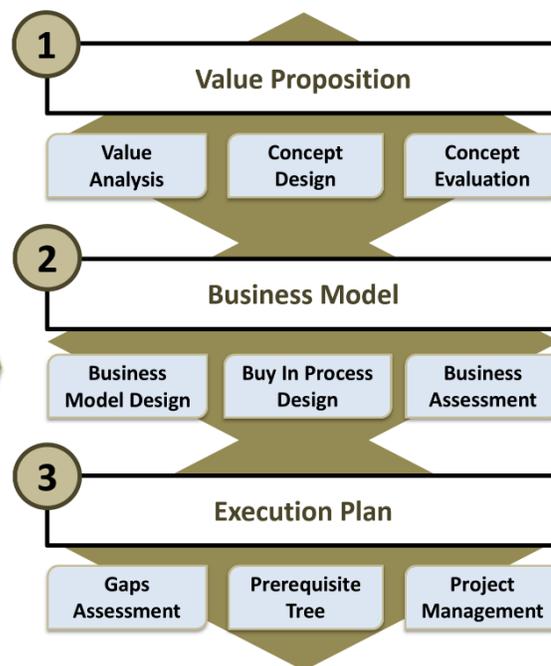
The TOC Innovation Process is applied in an array of industries such as electronics, equipment, consumer products, food, toys, baby care products, automotive, IT, finance, and pharma.

It addresses three key questions:

- How to come up with the next powerful value proposition for the market?
- How to align all needed stakeholders to support it?
- How to convert the idea to a successful business?

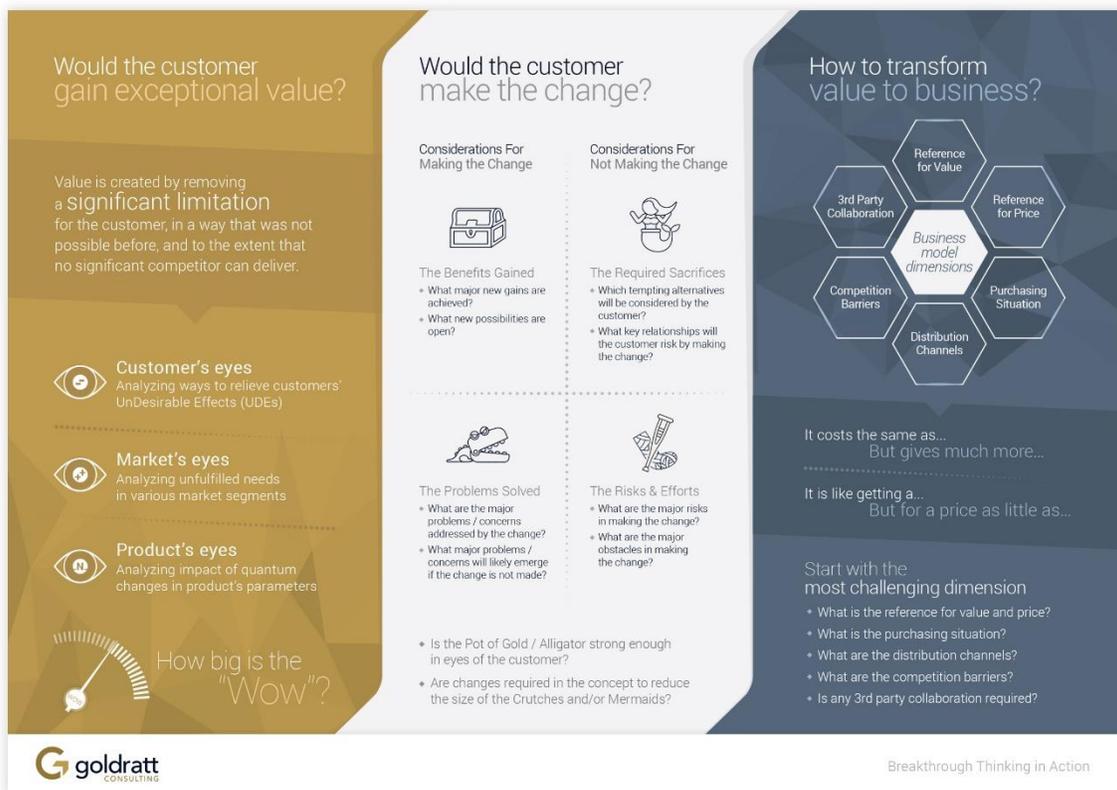
TOC Business Innovation Process

- Focuses on reducing customer's significant limitation
- Ideation all the way through execution.
- Multi-functional, inclusive process
- Each phase impacts the idea itself
- Ideas & buy-in are strengthened rather than reduced along the way



What makes it different?

- Looking for minimum innovation which makes biggest impact. The process starts with a strict definition for exceptional value: Reducing customer’s significant limitation to the degree that no alternative can. So, it starts not with ideas, but with gaining an understanding of such a limitation – perhaps one that customers have “lived with” for so long they don’t even recognize it yet as a “limitation”.
- End-to-End Business Innovation Process. The process goes from ideation, through business model design, all the way to execution, and each phase impacts the idea itself – allowing a natural cycle of idea evolution to take place, while making significant progress with each step.
- Multi-functional process – allows for idea to get strengthened rather than narrowed along the way, and increases buy-in (we don’t block ourselves along the way), reduces obstacles and risk, and increases quality of the end product and its introduction to – an ultimate embracement by - the market.
- Comprehensive tool-box for generating ideas, concepts, improved business model with a set of tools for evaluating and screening these ideas.



Would the customer gain exceptional value?

Value is created by removing a significant limitation for the customer, in a way that was not possible before, and to the extent that no significant competitor can deliver.

Customer's eyes
Analyzing ways to relieve customers' UnDesirable Effects (UDEs)

Market's eyes
Analyzing unfulfilled needs in various market segments

Product's eyes
Analyzing impact of quantum changes in product's parameters

How big is the "Wow"?

Would the customer make the change?

Considerations For Making the Change	Considerations For Not Making the Change
<p>The Benefits Gained</p> <ul style="list-style-type: none"> • What major new gains are achieved? • What new possibilities are open? 	<p>The Required Sacrifices</p> <ul style="list-style-type: none"> • Which tempting alternatives will be considered by the customer? • What key relationships will the customer risk by making the change?
<p>The Problems Solved</p> <ul style="list-style-type: none"> • What are the major problems / concerns addressed by the change? • What major problems / concerns will likely emerge if the change is not made? 	<p>The Risks & Efforts</p> <ul style="list-style-type: none"> • What are the major risks in making the change? • What are the major obstacles in making the change?

• Is the Pot of Gold / Alligator strong enough in eyes of the customer?

• Are changes required in the concept to reduce the size of the Crutches and/or Mermaids?

How to transform value to business?

Reference for Value, Reference for Price, Purchasing Situation, Distribution Channels, Competition Barriers, 3rd Party Collaboration

Business model dimensions

It costs the same as... But gives much more...

It is like getting a... But for a price as little as...

Start with the most challenging dimension

- What is the reference for value and price?
- What is the purchasing situation?
- What are the distribution channels?
- What are the competition barriers?
- Is any 3rd party collaboration required?

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Breakthrough Thinking in Action

TOMY *The Process was eye opening for our organizations, and now it is a crucial part of our new product development cycle. It helped us to acquire entrepreneurship mentality by truly thinking outside the box focusing on adding significant value to get into the blue ocean from the red ocean.*

Nagatake Masayuki, President & COO TOMY International

Panasonic *Even though we take a thing for granted and even though it looks like there is no solution, we can find a way to move forward by changing our view and changing the way of thinking. TOC for Innovation makes us think "I can do it" in a very positive way, and is based on trust in people. We can lead a project and achieve a result because we have the coexistence of logic and trust.*

Fujimaki, Team Leader, Home Entertainment Business Division, Panasonic Corporation

 **mazda** *"First of all, when you see complexity, make it simple. If we can define our ideal state, we can discover what we need to do. We do not have to doubt what we do. I believe that doubt and worry are causing multi-tasking... There is no limit to technology breakthrough, nor is there a limit for operational breakthrough."* **Mitsuo Hitomi - Executive Officer Power Train Development Division Mazda Motor Corporation**

 *It was an enriching experience to get introduced to TOC for Business Innovation. I am of the firm opinion that every senior executive should undergo this training program as this will act as an enabler for Innovation in our country.*

Arjun Zalani, Executive Director, Indian Steel Corporation Limited

 *The process helped us generate breakthrough ideas to come up with exceptional product designs for new collections due for launch by our customers. It made us identify and define market segments and value propositions through 3 different eyes – Market, Customer & Product. Because it is methodology driven and systematic, we depended far less on momentary individual brilliance or inspiration to trigger out-of-the box thinking.*

Kapil Ghorse, Vice Chairman, Sheeting International Marketing, Trident India

 *That was really amazing "logical process" for everyone be an innovator. The biggest concern for the pharma company is the uncertainty for the hit ratio of new products which will determine the company's sustainability. It became almost like a Russian-roulette (this is the reason why we invest so much in this). When we use this process the hit ratio for the new products can be stable one. This itself is the innovative thing for the company management.*

Shuhei Yoshida, Executive Vice President & COO, Senju Pharmaceutical Co.

 *We had TOC based workshops with Goldratt consulting in Europe, China and US to identify the constraints of our customers and design innovations for a sustainable business growth based on these insights.*

Karoline Kalb; Chief Human Resources Officer and Member of the Board, WashTec; Germany
