

Mini Case Innovation at International Foods²

² Smith, H. A., and J. D. McKeen. "Innovation at International Foods." #1-L09-1-002, Queen's School of Business, December 2009. Reproduced by permission of Queen's University, School of Business, Kingston, Ontario.

Josh Novak gazed up at the gleaming glass-and-chrome skyscraper as he stepped out of the cab. "Wow!" he thought to himself. "I've hit the big time now." The International Foods Group (IFG) Tower was a Chicago landmark as well as part of the company's logo, which appeared on the packages of almost every type of food one could imagine—breakfast cereals, soft drinks, frozen pizza, cheese, and snack foods, to name just a few. Walking into the tower's marble lobby, Josh could see displays of the company's packaging from its earliest days, when its dairy products were delivered by horse and wagon, right up to the modern global entity it had become.

After signing in with security, Josh was whisked away to the 37th floor by an efficient attendant who walked him down a long hall of cubicles to a corner office overlooking Lake Michigan. On the way, Josh passed display photos of the company's founder, old Jonas Wilton looking patriarchal, and several of the family scions, who had grown the company into a major national brand before the IPO in the 1980s had made IFG a public company. Josh, having "Googled" the company's history last night in response to this summons, knew that IFG was now the largest purveyor of food products the world had ever known. While many decried the globalization of the food business, IFG kept right on growing, gobbling up dozens of companies each year—some because IFG wanted to stomp on its competition and others because it wanted their good ideas.

Josh's own small company, Glow-Foods, a relative newcomer in the business, was fortunately one of the latter, but Josh was a little puzzled about this command performance. After all, he himself wasn't anyone important. The owners of the company all received multiple millions and were sticking around—as per contract—during the transition. The next level, including Josh's boss, had mostly jumped ship as soon as the "merger" was announced. "This isn't my thing," drawled Nate Greenly over beer one night at the local pub. "Corporate America isn't going to let us stay as we are, no matter what they say. Get out while you can," he advised. But Josh, with a freshly minted MBA in his pocket, thought differently. And so here he was, walking into the CIO's office hundreds of miles away from the cramped loft in Toronto where Glow-Foods was headquartered.

As the office door swung open, two people dressed in "power suits" turned to meet him. "Uh oh, I'm not in Kansas anymore," thought Josh as he mentally reviewed his outfit of neatly pressed khakis and golf shirt, which was a big step up from his usual attire of jeans and a T-shirt. A tall man with silver hair stepped forward with his hand held out. "You must be Josh," he boomed. "Welcome. I'm John Ahern, and this is my associate, Tonya James, manager of IT marketing. Thanks for coming today. Please, have a seat." Josh complied, slinging his backpack over the corner of the leather chair while taking in the rich furnishings of the office and the panoramic view. After a bit of chitchat about the

weather and the prospects of their respective baseball teams, John pulled out a black leather folder.

“Well, we won’t keep you in suspense anymore, Josh. As you know, when we took over Glow-Foods we decided to completely align our processes, including IT. It doesn’t make any economic sense to run separate data centers and applications, so we already have a team in place to transfer all your hardware and software to our centralized corporate systems over the next month. We’ll be replacing your Macs with PCs, and everyone will get training on our ERP system. We’re going to keep a small team to deal with the specifically Canadian issues, but other than that we see no need for an IT function in Toronto any more.” Josh nodded glumly, thinking about his friends who would be losing their jobs and all the fun they’d had during those all-nighters brainstorming new ways to help Glow-Foods products go “viral.” *Nate was right*, he thought glumly. *They don’t really get us at all.*

“That said,” John continued. “We are very impressed with the work you and your team have done in using social networking, mashups, and multimedia to support your marketing strategy. Your ability to reach the under-thirty demographic with technology is impressive.” He turned to Tonya, who added. “Here at IFG, we have traditionally marketed our products to women with children. We have a functional Web site—a place where customers can find out about our products and where to buy them. More recently, we’ve added their nutritional content, some recipes, and a place where customers can contact us directly with questions, but it’s really unidirectional and pretty dry.”

Josh nodded in agreement with this assessment. The difference in the two companies’ approaches was night and day. Although not everything they had tried at Glow-Foods had worked, enough of it had succeeded that demand for the company’s products had skyrocketed. Young adults and teens had responded en masse to the opportunity to post pictures of themselves drinking their Green Tea Shakes in unusual places on the Glow-Foods Web site and to send a coupon for their favorite Glow-Foods product to a friend. Serialized company mini-dramas popped up on YouTube and viewers were asked to go online to help shape what happened to the characters—all of them using Glow-Foods products extensively. Contests, mass collaboration in package design, and a huge network of young part-time sales reps linked through Facebook all contributed to making the brand hip and exciting—and drove sales through the roof.

John adjusted his French cuffs. “We want to tap into the youth and young adult market with IT, and we think you’re the one who can help us do this. We’re going to give you a team and whatever resources you need right here in Chicago. With our global reach and much larger budgets, you could do great things for our company.” John went on to outline a job offer to Josh that sent tingles down his spine. “I really have hit the big time,” he thought as he signed the documents making him a team manager at IFG at a salary that was almost double what he was earning now. “I can’t wait to get started.”

Six weeks later he was being walked down the same hall by Tonya, now his immediate boss, and into her office, a smaller version of his with a window looking onto another high-rise. "What's next?" he asked. "I've booked a meeting room for you to meet your new team at ten-thirty," Tonya explained. "But before that, I want to go over a few things with you first. As the manager of IT Marketing, I am personally thrilled that we're going to be experimenting with new technologies and, as your coach and mentor at IFG, I'm going to make it my job to see that you have the resources and support that you need. However, you may find that not everyone else at this company will be as encouraging. We're going to have some serious obstacles to overcome, both within IT and with the larger company. It will be my responsibility to help you deal with them over the next few months as you put your ideas together. But you need to know that IFG may have different expectations of you than Glow-Foods. And you may find you will get a better reception to your ideas if you look a bit more professional." Josh winced and nodded. He'd already ramped up the wardrobe for his first day with a sports jacket, but clearly he needed to do more. "Finally, I'd like you to come up here every Friday afternoon at four o'clock to go over your progress and your plans. My schedule is usually fully booked, but if you have any questions you can always send me an e-mail. I'm pretty good at getting back to people within twenty-four hours. Now let's go meet your new team. I think you'll be happy with them."

An hour later Josh and his new team were busy taking notes as Tonya outlined their mandate. "You have a dual role here," she explained. "First, I want you to work with Ben here to develop some exciting new ideas for online marketing. We're looking for whatever creative ideas you have." Ben Nokony was the team's marketing liaison. Any ideas would be vetted through him, and all proposals to the individual product teams would be arranged by him. "Second, I need you to keep your eyes open and your ears to the ground for any innovative technologies you think might work here at IFG. These are our future, and you're our vanguard." Josh glanced around at his team, an eclectic group. They seemed eager and enthusiastic, and he knew they were talented, having had a say in choosing them. With the exception of Ben, all were new to IFG, experienced in using a variety of new media, and under thirty years old. They were going to do great things together, he could see.

The next couple of weeks were taken up with orientation. Ben introduced each of the major product divisions to the team, and everybody had come back from each meeting full of new possibilities. Tonya had also arranged for the team to meet with the chief technology officer, Rick Visser, who was in charge of architecture, privacy and security, risk management, and the technology roadmap. Rick had been pleasant but cool. "Please remember that we have a process for incorporating new technology into our architecture," he explained as he handed over a thick manual of procedures. "In a company our size we can't operate without formal processes. Anything else would be chaos." The team had returned from that meeting full of gloom that their ideas would all be shot down before they were even tried. Finally, they had met with the IT finance officer. "I'm your liaison with corporate finance," Sheema Singh stated. "You need to work with me to develop your business cases. Nothing gets funded unless it has a business case and is approved through our office."

Finally, having dragged some chairs into Josh's eighteenth-floor and marginally larger cubicle and desk, the team got down to work. "This is ridiculous," fumed Mandy Sawh, shuffling her papers on her lap. "I can't believe you need to book a conference room two weeks in advance around here. Who knows when you need to get together?" "Okay, team, let's settle down and take a look at what you've got," said Josh. One by one, they outlined their preliminary ideas—some workable and some not—and together they identified three strong possibilities for their first initiatives and two new technologies they wanted to explore. "Great work, team," said Josh. "We're on our way."

The problems began to surface slowly. First, it was a polite email from Rick Visser reminding them that access to instant messaging and Facebook required prior approval from his group. "They want to know why we need it," groused Veejay Mitra. "They don't seem to understand that this is how people work these days." Then Ben got a bit snippy about talking directly to the product teams. "You're supposed to go through me," he told Josh's team. "I'm the contact person, and I am supposed to be present at all meetings." "But these weren't 'meetings,'" Candis Chung objected. "We just wanted to bounce some ideas around with them." Next, it was a request from Sheema to outline their proposed work, with costs and benefits, for the next fiscal year—beginning six months from now. "Can't we just make up a bunch of numbers?" asked Tom Webster. "We don't know how this stuff is going to play out. It could be great and we'll need lots of resources to scale up, or it could bomb and we won't need anything." Everywhere the team went, they seemed to run into issues with the larger corporate environment. Tonya was helpful when Josh complained about it at their Friday afternoon meetings, smoothing things over with Rick, helping Josh to navigate corporate procedures, and even dropping by to tell the team they were doing a great job.

Nevertheless, Josh could sense his own and everyone else's frustration as they prepared for their first big project review presentation. "They want us to be innovative, but they keep putting us in a straight-jacket with their 'procedures' and their 'proper way to go about things,'" he sighed to himself. Thank goodness, the presentation was coming together nicely. Although it was only to the more junior executives and, of course, John and Rick, he had high hopes for the vision his team was developing to get IFG out and interacting with its customers.

"And in conclusion, we believe that we can use technology to help IFG reach its customers in three new ways," Josh summarized after all of his team members had presented their ideas. "First, we want the company to connect directly with customers about new product development ideas through an interactive Web site with real-time response from internal staff. Second, we want to reach out to different communities and gain insights into their needs and interests, which in turn will guide our future marketing plans. And third, we want to implement these and other ideas on the 'cloud,' which will enable us to scale up or down rapidly as we need to while linking with company databases. Any questions?"

There was a moment of stunned silence, and then the barrage began. “What’s the business value of these initiatives?” asked Sheema. “I can’t take them upstairs to our finance committee meeting without a clear commitment on what the benefits are going to be.” Ben looked nonplussed. “We don’t really know,” he said. “We’ve never really done this before, but we like the ideas.” “I’m concerned that we don’t bite off more than we can chew,” said John thoughtfully. “What if these customers don’t like the company or its products and say bad things about us? Do we have any procedures for handling these types of situations?” “There’s definitely a serious risk to our reputation here,” said Rick, “but I’m more concerned about this ‘cloud’ thing. We haven’t even got cloud in our architecture yet, and this plan could make company intellectual property available to everyone in cyberspace!” Sheema spoke again. “I hate to mention this, but didn’t we do something like this community project about ten years ago? We called it knowledge management, and it flopped. No one knew what to do with it or how to handle the information it generated.” On and on they went, picking holes in every part of every idea as the team slumped lower in their seats.

Finally, Tonya stood up. “I’d like to thank you all for raising some legitimate and important concerns,” she said. “And I’d like to thank Josh and his team for some fine work and some excellent ideas. Marketing was looking for creativity, and we have delivered on that part of our mandate. But now we have a more important job. And that is innovation. Innovation is about more than good ideas; it’s about delivering the best ones to the marketplace. We’re in a new world of technology, and IT can’t be the ones to be saying ‘no’ all the time to the business. Yes, we need to protect ourselves, and we don’t want to throw money at every half-baked idea, but we’ve got to find a way to be open to new ideas at the same time. We know there’s value in these new ideas—we saw it work at Glow-Foods. That’s why Josh is here. He has a proven track record. We just have to find a way to identify it without taking too much risk.”

The room sat in stunned silence as Tonya looked from one to the other. At last, John cleared his throat. “You’re right, Tonya. We want creativity and innovation, and we need a better way to get it than we have now. I think what we need is a process for creativity and innovation that will help us overcome some of the roadblocks we put in place.” As Josh mentally rolled his eyes at the thought of yet another process, Tonya replied. “I think you’re partially right, John. Processes do have their place, but we also need some space to play with new ideas before we cast them in concrete. What I’d like to do over the next two weeks is speak with Josh and his team and each of you and then develop a plan as to how we can, as an IT department, better support innovation at IFG.”

Discussion Questions

1. In discussion with Josh, Tonya foreshadows “some serious obstacles to overcome.” Describe these obstacles in detail.
2. How can Josh win support for his team’s three-point plan to use technology to help IFG reach its customers?