

Setting Priorities

ELECTROLUX ENHANCES AND MANAGES INNOVATION PROCESSES

As a world leading producer of home appliances for kitchen and cleaning use, **Electrolux** considers product development as one of its core processes and innovation as key to sustaining market leadership. Since 2000, Electrolux — whose products are sold in more than 150 countries under such well-known brands as AEG-Electrolux, Electrolux, Frigidaire and Eureka — has almost doubled its investments in product research and development.

“Our future revenue and profit growth will be based on a more effective way of launching products. That is, knowing what to products to make based on consumer insight, when the products are needed in the market place and how to make them — utilizing our global scale,” says Johan Skantorp, vice president, global product planning, Electrolux Floorcare & Small Appliances.

As part of this broad initiative to change the way it develops new products, Electrolux last year invested in the implementation of **Sopheon** Accolade as its innovation process and product portfolio management solution. Sopheon is an international provider of software and services designed to improve the business impact

According to Skantorp, the reception of Sopheon Accolade — what Electrolux calls PMF GATE — has been very enthusiastic; users are happy with the ease of use and the completeness of the system while templates and reports are proving to be very useful. For individual projects, visibility of project related information is almost instant after just a half day of training and a half day of data migration. The transfer of up-to-date information into Accolade is included as part of the training process.

REACHING GOALS

Electrolux is structured around autonomous regions with a coordination layer on top. For major appliances, each region has its own product development, manufacturing, marketing and sales operations, which it then tries to coordinate in order to extract global benefits. In small appliances, Electrolux has the product line at the top of the pyramid with four regions making up the base. In this case,

According to Skantorp, the collapse of some previously parallel decision processes has been a positive change. For example, the robustness of the system and the level of documentation captured therein prompted Electrolux to recently combine the investment request process with the stage gating process.

In January, Skantorp was able to realize the power of using one system when he received an investment request for a new vacuum cleaner. “Before signing off, I wanted to go through the documentation and checked out PMF GATE,” he says. “Most information was missing and the investment was put on hold. A few hours later the project manager notified me that he had

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► **JOHAN SKANTORP, VICE PRESIDENT, GLOBAL PRODUCT PLANNING, ELECTROLUX FLOOR CARE & SMALL APPLIANCES**

of product innovation. According to the supplier, the Sopheon Accolade product innovation process and portfolio management system automates gate- or phase-based product development processes and provides decision support that allows companies to increase revenue and profits from new products.

The Electrolux and Sopheon enterprise-wide agreement covers company locations throughout Europe, the Americas and the Asia-Pacific region, encompassing all product areas, including Major, Floor Care and Small Appliances.

THE ROLL OUT

Working with global management consulting firm Arthur D. Little, Accolade was capacity integrated with Electrolux’ existing **Microsoft** technology, allowing the company to extend the use and value of the Microsoft systems deployed throughout the company’s worldwide operations. So far, Electrolux completed a first wave of training and started using Accolade in a live environment in November/December of 2006. Users in the Floor Care division (around 10 percent of the Electrolux business) in North America, South America and Europe are now using Accolade to manage all aspects of the new product development process. Wave two of the roll out is now underway. Over the next few months, more than 1,000 people are expected to be trained; a few hundred refrigerator, stove and washing machine projects will be entered; and the strategic product market planning process will be handled with the help of the system over the next few months.

Skantorp says it’s easy to have management control over the global synergies.

In such a massive organization, Accolade is expected to help strengthen the alignment between innovation strategies and day-to-day development activity, and to enable improved global collaboration among cross-functional teams responsible for conception and development of new products.

“The way things work today, we develop one washing machine in North America, one in South America, and again and again,” says Skantorp. “Instead of reinventing the wheel four

times — once in each region — we can develop one global platform and then perform regional executions of that global platform.” Costs savings will stem from reduced R&D work and greater standardization of components and suppliers of components.

Perhaps the largest cost saving will lie in an increased speed to market by reducing the entire workload for all parties involved in developing and launching four different products. Almost 20 years ago, it took Electrolux four years to develop a vacuum cleaner from idea to production. Since then, the company has reduced the lead time to market by 50 percent twice. With lead times now of only one year, Electrolux will use Accolade’s capabilities to help it more effectively prioritize investments in new product ideas and to guide its resource support for enhancements to existing products.



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not published the information in the correct way (an error you only do once). Now, all was there, the project turned out to be in perfect shape and the investment was approved.”

Electrolux also found an unexpected benefit in that IT personnel are pleased about the lack of documentation; the user manual is one-tenth of an inch thin as opposed to the thick binders that accompanied other systems being considered.

Once this latest addition to its product development initiative is complete and data quality becomes sufficient, Electrolux’ CEO will be able to see the complete picture of its product pipeline and details of individual projects, which makes Accolade the most complete tool Electrolux has found for supporting the business of innovation. **CG**