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**Innovation Initiative for Sustainable
Growth in Whirlpool Corporation**

Ľubica Knošková – Vojtech Kollár

**Faculty of International Relations
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Innovation Initiative for Sustainable Growth in Whirlpool Corporation

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Summary:

The authors in the paper discuss the characteristics of the competitive space in the home appliance industry, leading to a stalemate at the end of 20th century. After analyzing the successful strategies used by market leaders in the past, a new strategy was designed to help the Whirlpool Corporation to break out and win under the new conditions wrought by the knowledge economy. The aim of this paper is to demonstrate the importance of the successful implementation of the radical organizational innovation in the Whirlpool Corporation. That is a great challenge for many companies, and can serve as an inspiration in company value creation.

Keywords: innovation, innovation process, organizational innovation, innovation methodology, sustainable growth

Inovačná iniciatíva pre udržateľný rast vo Whirlpool Corporation

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Abstrakt:

Autori sa v príspevku venujú analýze charakteristík konkurenčného prostredia priemyslu domácich spotrebičov, ktoré viedli na konci 20. storočia ku komoditizácii. Analýza úspešných stratégií vodcov na trhu v minulosti viedla spoločnosť Whirlpool k určeniu novej stratégie, cieľom ktorej bolo dosiahnutie zmeny charakteristík konkurenčného prostredia a dosiahnutie úspechu v nových podmienkach poznatkovej ekonomiky. Cieľom príspevku je ukázať dôležitosť úspešnej implementácie radikálnej organizačnej inovácie na príklade spoločnosti Whirlpool, ktorá je veľkou výzvou pre mnohé firmy realizujúce zmenu a môže slúžiť ako zdroj inšpirácie pri tvorbe hodnoty vo firme.

Kľúčové slová: inovácie, inovačný proces, organizačná inovácia, inovačná metodológia, udržateľný rast

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Content

Introduction.....	7
1. Forces that Influence Innovation.....	8
2. Implementing Radical Organizational Change.....	10
2.1 The Process for Radical Innovation.....	11
2.2 Outcomes of the Innovation Initiative.....	13
3. Innovation as Integral Part of Value Creation.....	15
4. Results of the Implemented Innovation Initiative.....	19
Conclusion.....	22
References.....	23

Introduction¹

“We are now standing on the threshold of a new age – an age of revolution. In the twenty-first century, change is discontinuous. Industrial revolutionaries will exploit any protective urge. First the revolutionaries will take your markets and your customers. Next, they’ll take your best employees. Indeed, the gap between what can be imagined and what can be accomplished has never been smaller” (Hamel 2002: 9).

Globalization and concentration in the 1990’s reaffirmed in their positions several globally and commercially successful companies operating in the home appliance industry (Whirlpool, Electrolux, Bosch-Siemens, Indesit, Brandt, Maytag); which now form the basis of the competitive space in the production and sale of major household electrical appliances; the subgroup of electric household appliances. After analyzing the appliance industry, we concluded that it was in a stalemate, with all competitors essentially competing on the same basis, with no clear way for any competitor to break out and win. Leading producers were able to distinguish themselves thanks to the successful strategies used in the past (Whirlpool 2001: 5):

- a) successful focus on cost and quality,
- b) industry-leading product features and functionality,
- c) accelerating and improving the performance of products,
- d) focus on international markets, increasing globalization, and scale,
- e) working closely with distributors.

The major firms in the market achieved growth by entering new markets, making acquisitions as well as through product innovation. The process of horizontal integration was evident in 2005 when the Spanish firm, Fagor, bought the French company, Brandt, and in 2006 when the U.S. company, Whirlpool, acquired another U.S. company, Maytag.

The European home appliance industry, in terms of production, as well as that of the US and Asia, is characterized by migration from countries with high labour costs to countries with low labour costs. Several plants in Germany, Sweden and the UK have been closed and production moved to Eastern and Central Europe, mainly to Slovakia, Hungary, Poland and the Czech Republic. A similar trend is visible in Asia, where manufacturers from Japan and South Korea have moved their production facilities to China.

Currently, there are approximately 200,000 people employed in Europe in the production of home appliances. This industry is facing a permanent increase in

¹ The paper is the result of the research project VEGA No. 01/0668/08 *Priame a nepriame efekty priamych zahraničných investícií v strednej a východnej Európe a na Slovensku* [Direct and indirect effects of direct investment in Central and Eastern Europe, and in Slovakia].

worldwide competition, and so the management teams of the leading producers are reacting with massive restructuring programs. Consequentially, production is being shifted to the new member states of the EU, and in some cases, directly to Far East. At present, about 30% of European white goods production, traditionally located in Italy, Germany and France, has been transferred to Eastern Europe and Russia. In Ukraine, too, new plants are being opened, while old ones are being renovated.

The analysis of the market situation suggests that strategies applied by global competitors in the past do not differentiate the competitors from each other and do not give anyone a clear sustainable competitive advantage that would be difficult to replicate. Competitors work on the same basis in the oligopolistic market structure with similar product architecture. For customers, despite producers' efforts to differentiate their products, it is difficult to differentiate the product offerings from the competing companies. The products' features exceed customer expectations, brand loyalty is diminishing, customers are switching between the available brands, while price becomes the deciding factor in their purchase decision. All the abovementioned conditions have led us to conclude that the home appliance industry was heading towards commoditization with consumers, which is very difficult position for further growth and value creation.

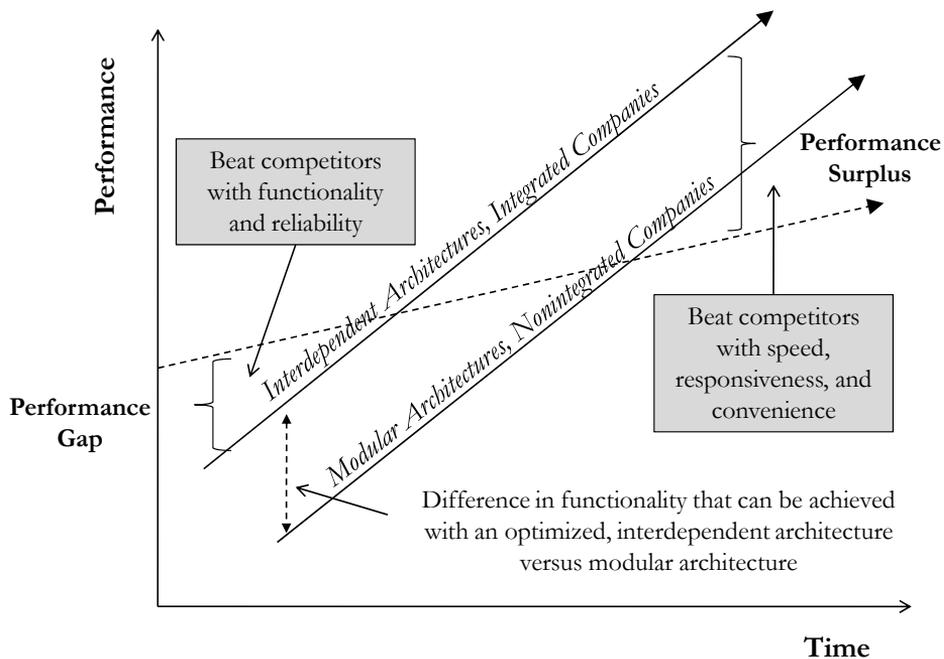
1. Forces that Influence Innovation

Schumpeter, with his revolutionary creative destruction, considers innovation as the driving force for industrial evolution. Schumpeter focuses on creative destruction – on the application of technological innovation by the entrepreneur when it brings a strategic competitive advantage and creates a monopolistic profit. The subsequent stream of new ideas and growing competition destroys the monopolistic profit, and the cycle of destruction starts all over again (Schumpeter 1987: 197). Schumpeter's focus on innovation is reflected in Neo-Schumpeterian economics.

The evolutionary economists, Nelson and Winter, analyzed the dynamic process through which industries evolve. They outline two regimes: (1) *The routinized technological regime*, and (2) *the entrepreneurial technological regime*. They point to the innovation advantage enjoyed by big companies in some industries, as well as that enjoyed by small companies in others. This is based on different types of knowledge generating inputs, which create the innovative output determined by the information fluidity and asymmetry in individual industries. This is in contradiction with Schumpeter's conclusion that innovation is becoming an advantage for large corporations, and that it is reduced to a routine for trained specialists (Audretsch 1995: 8).

The relationship between the new and incumbent enterprises under the conditions of continuous and disruptive change is analyzed in the studies of C. Christensen. He concludes that in every market there is a rate of improvement that that customers can utilize or absorb. There is also a different trajectory of improvement that innovating companies provide. *Sustaining innovation* targets and supplying demanding, high-end customers with better performance than what was available before, while *disruptive innovations* do not attempt to bring better products to established customers. They disrupt and redefine the trajectory by bringing solutions that are simpler, more convenient or less expensive, and which appeal to new, or less demanding, customers. The pace of technological progress outstrips customers' ability to use the product, and the disruptors may come on the path that crushes the incumbents (Christensen, Raynor 2002: 128). The model explaining the conditions for disruptive and continuous innovation is given in figure 1.

Figure 1: Product architectures and integration



Source: Christensen, Raynor (2002: 129).

A firm's ability to remain viable in the marketplace is dependent on its ability to compete. The competitive advantage of firms and nations in the 21st century revolves around the ability to generate new products that make a special impact on everyday life, thus bringing unique value to the customer and to the firm. This special ability is an integral component of successful company growth and increased profits. There is the belief that developing breakthroughs is much

more costly and risky than introducing simple product extensions (Samli, Weber 2009: 36). However, it needs to be managed differently, and requires greater investment in time and financial resources. Understanding and managing the forces that shape innovation makes innovation more predictable and successful. Behind the whole process is the company foresight which generates and integrates market knowledge.

2. Implementing Radical Organizational Change

The management of the Whirlpool Corporation, at the end of the 1990's understood the need for profound change. Shareholders' expectations, heavily influenced by Wall Street financial analysts, were not possible to satisfy just by expanding on the saturated home appliance market. Results achieved in the past were no longer the major factor influencing the investment decisions of shareholders. The *Growth potential for the future, as well as the ability to create value in future* became the key decision criteria for shareholders. As we analyzed the appliance industry in correlation with investors' expectations, we can contribute the following findings:

- Developed markets are saturated with appliances;
- Competitors and participants have little opportunity to raise prices;
- Growth by incremental innovations, and creating demand, is very limited.

Company management was aware that the successful companies which want to prosper in the future cannot build their strategy on the successes of the past. They must be able to respond effectively to the new situation, and provide customers with unique and compelling solutions. They have to understand, what external forces are changing the environment, having an impact on customers, societies around the world and the company itself. A review of the forces that affect customers, shareholders, and staff has led to the establishment of objectives and strategies focusing on the following (Whirlpool 2000: 18):

- Building exceptional customer loyalty to company brands;
- Become the clear value-creation investment of choice for the shareholder community;
- Creating a company where each employee will contribute to his/her fullest potential;
- Building pride in past achievements and future direction;
- Making the necessary company transformation by the process of change.

To survive and prosper, the organization needs to embed the processes and mechanisms that enable the company to discover the major trends that shape

the future and respond to them through new growth areas and new products in a consistent manner.

To support the strategic intention under conditions of change, Whirlpool introduced a new company vision, and in 2000 the company introduced the *Global Innovation Initiative for Sustainable Development*, which was prepared and launched in collaboration with an external consultancy company. The aim was *to make the innovation a core competence across the organization* so that it becomes an integral part of Whirlpool's strategic architecture; to create innovation processes which foster continuous innovation, enabling the company to react to technological and market changes with high flexibility and build a richer, broader portfolio of growth opportunities, which will drive the brand strategies and help to close the long-term gap. The introduction of *specific innovation processes* visible throughout the organization, over and above the ordinary procedure with new product development, and it was designed to identify new opportunities for wealth creation on the level of the business model. It should encourage the creation of a broader portfolio of new ideas and involve the creative potential of all employees, regardless of their position and job description in the company – *listening to new voices*.

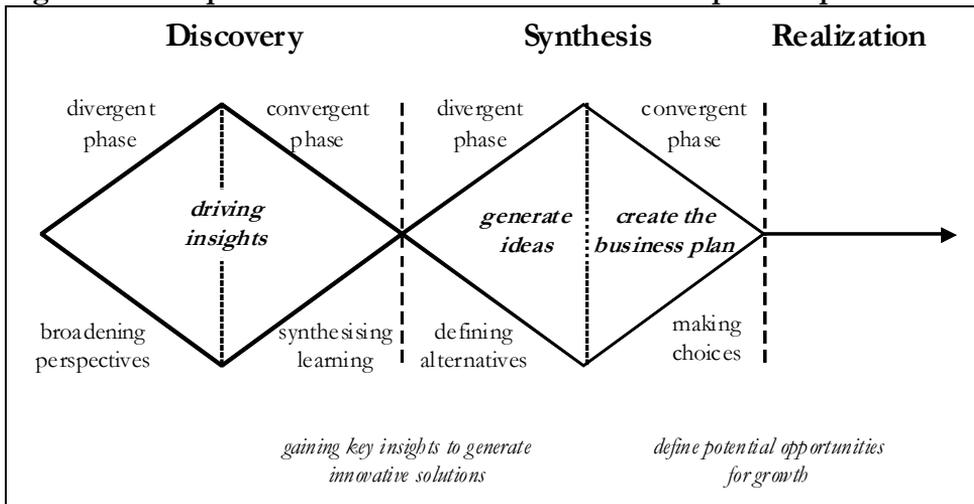
2.1 The Process for Radical Innovation

The pilot team was composed of 75 Whirlpool employees from all over the world (25 from Europe, 25 from North America and 25 from South America). On the basis of cooperation with the consulting agency, the team was trained in the innovation process. The three basic *phases of the innovation process for radical innovation* were specified: discovery, synthesis and implementation, for the pilot innovation team to gain experience of, and transform into, the internal environment of the Whirlpool Corporation in each geographic region (Whirlpool 2008b: 10). Each phase of the innovation process is shown in figure 2.

Each phase (discovery, synthesis and implementation) consists of divergent and convergent stages. The **discovery phase**, in its *divergent stage*, is about gaining the key insights needed to generate new customer solutions. Knowledge is concentrated in the following areas:

- a) Customer needs;
- b) Consumer trends in terms of lifestyle;
- c) Technological trends affecting the industry;
- d) Company core competences that allow differentiation;
- e) Appropriate economic models to create value for customers, and for the company;
- f) Routine actions and processes – *orthodoxies*, which constitute barriers to grasping new opportunities.

Figure 2: The process for radical innovation in Whirlpool corp.



Source: Whirlpool (2008b).

In the divergent stage of the discovery phase, several methods are used. The *customer observation method*; DILO (Day In the Life of Customer), is a day spent with customers as they go about their normal daily activities, in order to identify what is essential for the customer; what tasks must be addressed during the day as well as which tasks are a priority for him/her. Other methods comprise shopping experience analysis, analysis of benchmarks in certain competences (even outside the industry), consumer life-style analysis, company analysis of internal barriers and obstacles for innovation by means of structured questionnaires.

The pilot innovation team conducted a survey based on *peripheral vision and lateral thinking*, and learned to apply weak signals of early warnings and emerging trends to the company learning process. Via external links with a heterogeneous population, the team put the emphasis on using informal relations and connections that are effective in times of discontinuity.

An important aspect of the *convergent stage*, was the sharing of the knowledge of individual teams working on sub-tasks within sub-groups, and the systemic diffusion of information inside the company.

Synthesis is the search for new initiatives and creative solutions based on the knowledge acquired during the discovery phase, using supportive methods. The *divergent phase* is to create a large number of innovation opportunities using the *innovation lab* method. The results of the brainstorming are processed in the *convergent phase* to form broader opportunities – *domains* for innovative action by the innovation lab method, and they are filtered based on specified criteria in area of customer needs, brand strategies and competitive advantages. The

selected domain, or domains, are worked out into an innovation concept, or into several innovation concepts, and are presented to internal investment bankers (venture board) in order to obtain financing. At this stage, there is a high level of risk taking, because there is no clear direction, and emphasis is put on quick decisions and parallel projects. The team works with a high level of uncertainty, because there are no clear rules. These are specified only at a certain time after the innovation concept takes on a clearer shape, and it is important to develop a high degree of resilience to failure, and form a business conduct. Advantage is obtained by those who are able to take risks and to “risk their own skin on the market”.

Realization represents testing selected innovative concepts. Methods of quick experimentation on the basis of “trial and error” are applied. *Action plans* are created using innovation methodology; concept strengths and the right consumer focus are verified for the innovation concept to become a project after the success of the experiment. If necessary, the concept goes through an adaptation stage, or re-implementation of the experiment. If it yields unsatisfactory results, it can be cancelled. Implementation of the project envisages a vague end of the project; strategic revision and parallel experimentation is used.

2.2 Outcomes of the Innovation Initiative

In all the phases of the innovation process, the methodological tools that support creative thinking and innovation methodology; i.e., company know-how; are used. *An innovation methodology* is applied, in particular, to develop new products, but can be applied to the process, organizational and marketing innovation, as well. It is an acquired skill, leading to a different mindset. Innovative processes are supported by information and communication technologies.

The benefits of building an innovative organization, and the creation of an innovative culture, can be summarized in several areas with specific results. Areas in which the outcomes have been created with specific results are presented in table 1.

The application of innovation processes and innovation methodologies in the business environment of the Whirlpool Corporation has led to the creation of an *innovation space*, which is typical for its openness, and the diversity of team members is an important characteristic.

Tab. 1: Outcomes of the innovation initiative in Whirlpool corp.

Area	Specific Result
Business results	Generating growth opportunities to be tested
Organization structure	Creating innovation centre. Creating innovation portal. Creating innovation spaces (physical and virtual), that allow incubation and growth of new ideas. Supporting innovation teams in getting out of the stalemate.
People – skills	Developing teams that are able to redesign innovation processes, use innovation tools, and spread the skills to other employees.
Processes	Developing innovation processes streamlined for Whirlpool.
Methodology	Creating codified innovation tools and methods available to employees.
Values	Changing the company behaviour from “tell me why this should work”, to “experiment cheaply, until you determine how it can work”.

Source: authors' elaboration.

The *diffusion of innovation* as a *key competence* into the company is currently carried out systematically by training courses for future innovation mentors, by organizing innovation workshops for employees and other stakeholders (suppliers, customers, university students), and to involve them in idea creation for new products. Once trained, employees who follow the innovation methodology criteria, and the processes for producing innovative results, become *innovation mentors*, and they are vital keys to the diffusion of an innovation culture, methodology and criteria through the company. Workshops help generate innovative solutions, products, but are also an aid to achieving different methods of working. One of the main elements of the workshops is the involvement of staff from the support departments *with different backgrounds*, experiences, education and different points of view. The involvement of external stakeholders is realised by holding training courses for suppliers and customers, and workshops with students from European universities, who are focused on customer needs and developing fresh new ideas for future products.

3. Innovation as Integral Part of Value Creation

The meaning of innovation in the Whirlpool Corporation is defined as follows (Whirlpool 2008b: 3):

- providing unique and compelling solutions for customers;
- having a competitive edge in the area of rapid response;
- long-term customer loyalty;
- long-term competitive advantage;
- shareholder value;
- committed and satisfied employees.

In addition to the mission, vision and goals, Whirlpool sets a *strategic framework for the perception of innovation*, which is available to employees through internal materials. M. Bitzer, president of Whirlpool, Europe, describes the innovation as follows (Whirlpool 2008b: 2):

“Innovation is not about launching new ‘bells & whistles’ on our products. For us innovation is about bringing new things to the world consumer solutions to the market, which gives us a sustainable competitive advantage. Innovation is also giving meaning to our brands; innovation gives the consumer a reason to believe in our brands. To be successful, innovation must come from everywhere, from everyone, in everything we do [...] every day, the true Whirlpool innovators look for opportunities [...] and seize them. Whirlpool works to help its people become practical, competent innovators through training, communication, example, simplified processes, speedy decisions, and tolerance for risk taking.”

Shared company understanding that the appliance industry is in a stalemate led to the decision to break out and create value by providing unique solutions to customers. Customers and shareholders were not the only beneficiaries of value creation. So were the employees who would feel pride and satisfaction in working for a thriving, vibrant company. To achieve this goal, the *Strategic architecture* was introduced as the plan, the blueprint that brings together all the elements necessary to transform Whirlpool, and to create significant value for employees, customers and shareholders. It puts in place the elements for addressing the external major forces of change and trends in order to create customer solutions for success, permitting the building of strong brands, thus winning consumer loyalty. It was created based on the involvement of hundreds of employees, and the search for ways to react to the changes (Whirlpool 2001: 23).

Innovation has become a part of value creation, and has been integrated into the company’s *strategic architecture*. Graphic representation of the strategic architecture and its building blocks, including innovation, is illustrated in figure 3.

Company management specified three primary groups of constituents that the company would focus on to achieve success:

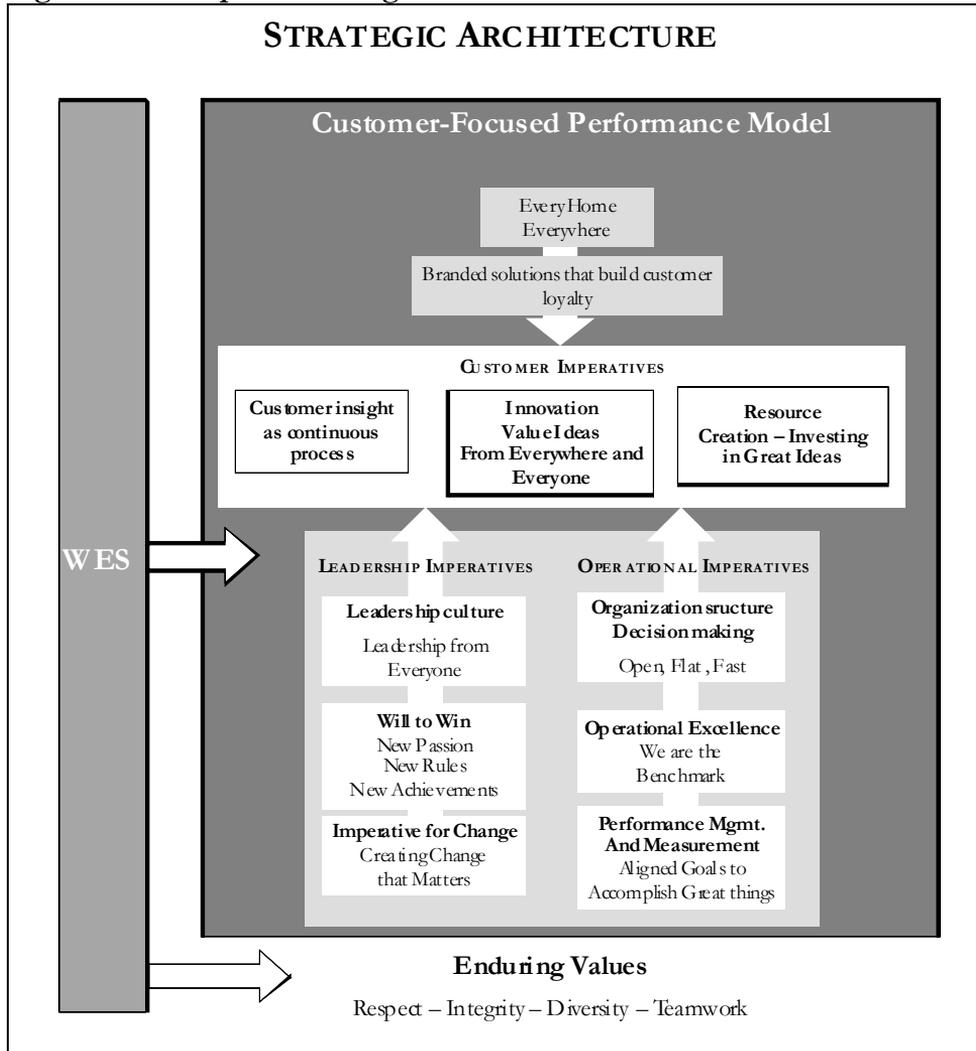
- *employees* who feel *pride* in their work and in each other;
- *shareholders* who benefit from the company's performance;
- *customers* who repay the staff's *dedication* with an unrivalled loyalty to their company's brands.

In the implementation of strategies to enhance customer loyalty to brands and achieve growth, as outlined in the strategic architecture, an important role is played by perception and behaviour, according to the enduring values of the company, which outline the expectations in internal and external communications.

The *customer-focused performance model*; is the first of three major elements of the Strategic Architecture that follows the company's vision and direction, and it aims to achieve the objective of becoming an innovative company. It outlines the principles of resource creation and priorities in developing skills and capabilities in support of the company's vision and strategies. It is divided into four segments: Vision and strategy, represented by the branded solution, which builds customer loyalty, Customer imperatives, Leadership imperatives and Operational Imperatives.

Enduring values represented by *respect, integrity, diversity* and *teamwork* form the second major element of strategic architecture. They are formed by ethical behaviour, irrespective of people, visions or strategies. The power of the values, and the behaviours that support them, lies in their influence on the company's ability to achieve a consistently high level of performance, regardless of business or economic cycles. They draw on the increasing diversity, while pulling people together in the process of creating a company of excellence and recognized by everyone as unique to Whirlpool. After asking many employees for their ideas on the subject, a symbol to capture the spirit of Whirlpool's values was created. The symbol contains three people; the employee, the customer and the shareholder. It also depicts a *diverse group of people*, not just in terms of gender, race and nationality, but diverse in terms of thoughts and ideas. The three people, with their hands extended upward, represent Whirlpool's potential and promise. They are encircled with the Whirlpool gold ring, which is part of Whirlpool logo from 1982, representing the promise made to Whirlpool employees, customers and shareholders; shaped by the company's enduring values (Whirlpool 2001: 31).

Figure 3: Whirlpool's Strategic Architecture



Source: Whirlpool (2001).

The power of the Worldwide Excellence System (WES) makes up the third major element of the strategic architecture. It serves as a continuous measurement and assessment of the company's progress. WES was created in 1991 as a result of Whirlpool's need to have a single global management and assessment system. Within a decade WES has played a vital role in spreading the *quality concept and practices* to all parts of the company. It excelled as a comprehensive assessment process against a detailed set of criteria. In the past, these criteria have been the Baldrige criteria, and in 2001 they were replaced by the criteria for the customer focused performance model. WES is no longer a management system; rather it has become an essential assessment and measurement system for measuring and assessing progress in 11 specific areas:

vision, strategy, customer insight, innovation, resource creation, leadership will to win, the imperative for change, organizational structure and decision making, operational excellence, performance management and measurement. The name of WES was kept, as it represents a strong and well known assessment methodology. Evaluation using the WES model serves as an input into the *Whirlpool Balanced Scorecard System*; a system of performance indicators which consists of indicators, divided into three groups:

- customer measures;
- employee measures;
- shareholder measures.

In response to the new trends (customer, shareholder, megatrends), and in response to the industry stalemate, Whirlpool has created a comprehensive plan to transform the global company. Elements of the *Transformation Process* that are interdependent and interconnected are shown on figure 4.

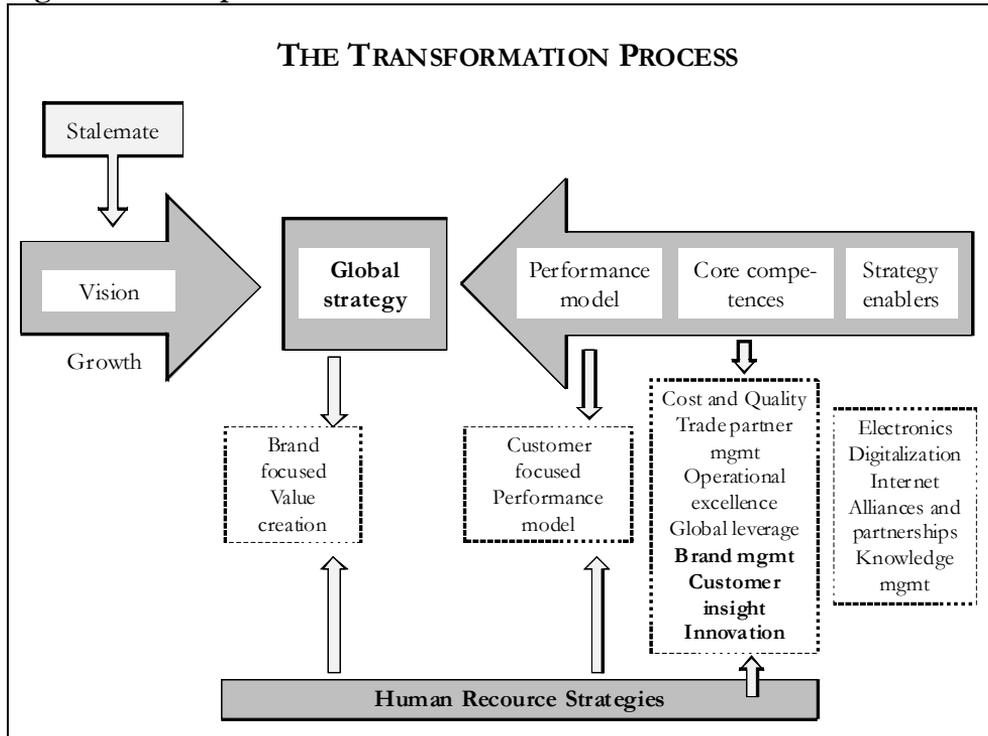
The strategic direction of the company is focused on achieving each element of the new vision for the future: “Every Home ... Everywhere”. Brand-focused value creation strategies put the customer at the centre. Their goal is to build exceptional customer loyalty to Whirlpool brands. In order to deploy the strategies across the globe, and within the businesses, three building blocks were put in place:

- *Customer focused Performance Model*: focusing on the customer, defining the future character of the environment that the company must create, how the company must make decisions, allocate resources and create innovation in the new environment.
- *Core Competences*: that the company presently has, and must continue to reinforce, and those that the company has to develop in areas of brand management, customer insight and innovation to succeed in future.
- *Strategy Enablers*: that help to achieve greater levels of execution for success.

Additionally, *Human Resource Strategies* were developed to put right human resource practices in place to help employees transform the company. Like Brand-focused Value Creation Strategies, the Human Resource Strategies were developed at the regional business level to support the development and implementation of the Brand-focused Value Creation Strategies, the Customer-Focused Performance Model, and the Core Competences.

To successfully execute the Brand-Focused Value Creation Strategies, it is recognized that fundamental change in the way the company is managed is needed. In addition, without broad transformation it would not be possible to embed innovation as a core competence.

Figure 4: Whirlpool Transformation Process

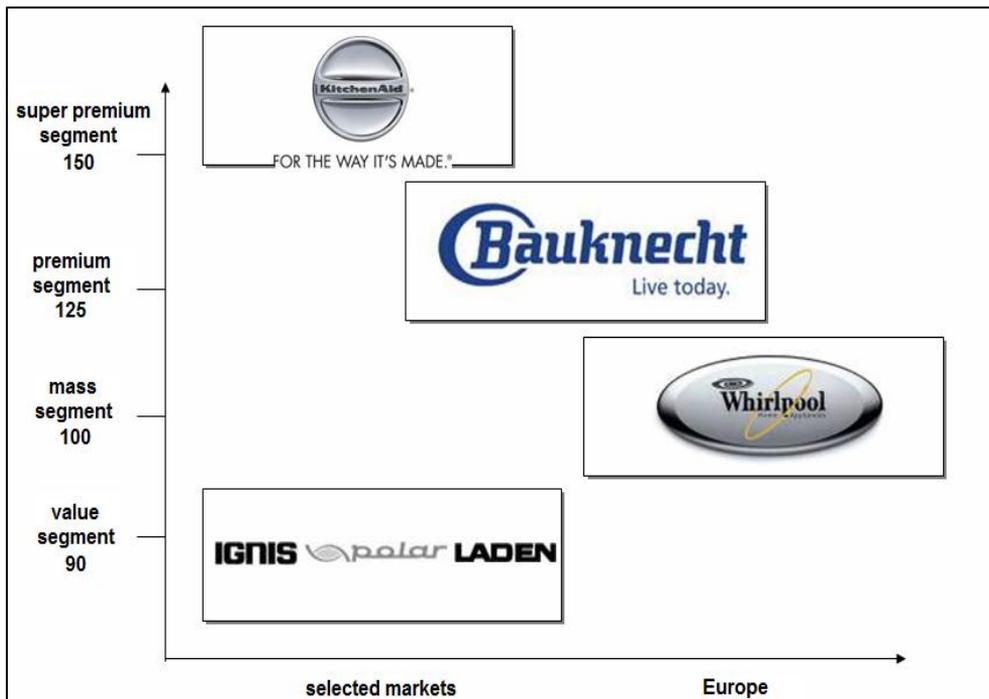


Source: Whirlpool (2001).

4. Results of the Implemented Innovation Initiative

In 2006, the Whirlpool Corporation was considered by Business Week magazine to be one of the 100 most innovative companies in the world, despite working in industry with modular architecture products. 2007 marked a year of significant progress and results at the Whirlpool Corporation. In 2007, product innovation accounted for more than 20% of total revenues, with an expected growth in the future (Whirlpool 2007: 4). The company's strategic focus on brand *value creation* is reflected in the very strong position that Whirlpool brands developed in consumers' minds during 10 years, strong position in trade partner satisfaction and global operating platform (focus on cost, quality and speed of delivery). The positioning of Whirlpool brands (KitchenAid, Bauknecht, Whirlpool and Ignis) in the portfolio of Whirlpool Europe, which is part of a strategy of value creation, and key customer segments are illustrated in figure 5.

Figure 5: Brand Positioning in Brand Portfolio of Whirlpool Europe



Source: Whirlpool (2008c).

Clear identification of the brand position allows the company to precisely target its customers with innovative product offers, customer solutions in the area of disruptive innovation or incremental improvements, in line with circumstances and conditions of change. The Whirlpool Corporation holds a unique and differentiated position in the global marketplace through clear brand positioning:

- The *Whirlpool* active balancer
- The *Maytag* demanding loyalist
- The *KitchenAid* home enthusiast
- The *Jenn-Air* proud gourmet
- The *Amana* practical style-seeker
- The *Brastemp* trendy cosmopolitan
- The *Consul* close-knit optimist
- The *Bauknecht* responsible balancer
- The *Gladiator* garage enthusiast.

Whirlpool's strengths in the product area are supported by the embedment of new innovative processes into the company, allowing the use of diversification strategies and product development, creation of opportunities to expand the

business into adjacent areas, such as complementary products for water filtration, kitchen cookware, cutlery and utensils, garage storage systems and a line of storage elements for home laundries. The refrigeration category is one example of differentiated solutions to customers which establishes a sustainable competitive advantage and creates superior shareholder value. Refrigerators occupy a valuable piece of space within the kitchen. Whirlpool focused on innovation in following areas:

- *Ergonomics* – new and better ways of utilizing space, focusing on comfortable food handling.
- *Two products in one* – bringing an integrated appliance, refrigerator with espresso coffee maker integrated into the door.
- *Energy* – “centralpark” connection refrigerator featuring a “docking port” on the refrigerator that supplies power to electronic devices, which are manufactured and sold by third parties as accessories to the refrigerator, such as a digital photo frame, which allows one to receive photos through a wireless device from a camera or computer.
- *Interactivity* – refrigerator featuring a dry-erase finish that allows consumers to draw and erase on the doors and sides, emulating a dry-erase whiteboard, so members of the family can leave messages to each other, making the kitchen even more interactive.
- *Hygiene* – antibacterial protection with silver nanoparticles which extends the life of food.
- *Design* – design solutions according to the target customer’s lifestyle, differentiating company brands based on the “in home” observation project. This is the most recent experimental design concept, that acts as a bridge to the future. To achieve this, designers need to connect with the people who use the appliances, discovering their needs through observation and understanding of their behaviour, context and function. “In home” serves as a window to the lives of consumers at different times of the day.

One possible area of strategic importance is the area of *environmental innovation*. An integrated approach of the future, implemented in the Green Kitchen project, which provides a systemic approach to the development and use of all forms of energy used at home (water, heat and electricity) in an integrated ecosystem, obtained by combining single appliances in a synergic way. The project manifests the company focus on decreasing the environmental burden caused by the negative impact that occurs during the useful phase of a product’s life. Environmental impact during the useful phase is 10 to 20 times higher than during the production, distribution and disposal of the product (Whirlpool 2007: 2). The company is working on a project with a network of energy companies and leading research institutes.

Conclusion

Innovation in Whirlpool is about expanding creative thinking, stretching the imagination, challenging traditional ways of seeing and understanding as well as pushing the limits of technology. After embedding the specific innovation processes during the innovation initiative in 2001, Whirlpool expands on its understanding and knowledge of the consumer experience, turning them into fundamental principles that lie in fabric care and food care processes which incorporate past and future in its experimental design concepts. In the concept of the slow wash, washing becomes part of an ongoing organic process that can take place anywhere in the home. The sound of flowing water, the scent of the plants, the glow of the lights all make for a product that can be experienced. In the concept of design landscapes, materials, forms and interfaces are designed to revive ancestral emotions associated with the most basic experience of food: a communal rite of preparation and consumption that occurs around a central point; the fire.

Nowadays, consumers are pulled by disruptive innovation with great ecological and economic features. Companies active in the field of household electrical appliances have not introduced the innovation with disruptive parameters yet. Given the maturity of the technologies used in field of home appliances, we expect the onset of *radical innovation at system level*, using the potential of intelligent energy services in the near future. It remains an open question as to what kind of company will use the conditions of disruptive change for placing radical innovation on the market. Will it be a new company entering the market with new unique solutions, or a company with a long history on the market that will not have to worry about the cannibalization of its traditional business model?

Processes that helped Whirlpool build an innovative organization, as well as creating an innovative culture within the company, can serve as inspiration for other companies striving to change the rules of the game, and become a respected innovator, even outside the ranks of the company's former market.

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