

How to Craft Your **CHAMPION PRODUCT**

Lessons from Kimberly-Clark
& P&G veterans

PRESCOUTER

The Proven Innovators Series



In the ever-evolving landscape of today's business world, the confluence of digitalization, material science, climate change, and globalization has ushered in a new era for product development. Over the past five years, these transformative trends have redefined the dynamics and expectations of product innovation.

As we navigate these changes, it's crucial to understand how to characterize market shifts and develop winning strategies to adapt and innovate accordingly.

In this report, we will cover the following topics:

EMPHASIZING INNOVATION FOR HUMANITY

Strategies for creating humanity-centric innovations that address societal needs and enhance quality of life..

IDENTIFYING A CHAMPION

Approaches to validate and optimize product formulations, balance innovation with practicality, and identify standout products in the market.

With expert insights from proven innovators



Pete Dulcamara

Former Chief Scientist and R&D Vice President for the Kimberly-Clark Corporation

Pete has dedicated over 35 years to creating breakthrough products that improve people's lives, both at Dow Chemical and Kimberly-Clark. At Kimberly-Clark, Pete served as Chief Scientist and R&D Vice President where he led a team of scientists that discovered, developed, and delivered new and emerging technologies to create breakthrough essential products for iconic brands such as Huggies®, Kotex®, Kleenex®, Depend® and more. Pete is the founder of Pete Dulcamara & Associates, LLC, and is dedicated to creating businesses that improve people's lives.



Betsy Bluestone

Former Managing Director for P&G Ventures

Betsy touts a 35-year career of successful business leadership and intrapreneurship at P&G. Having worked across P&G's vast portfolio, she has a track record of success that spans channels, geographies, billion-dollar brands, start-ups and acquisitions. Betsy spent five years as a Managing Director at P&G Ventures, where she transformed P&G's approach to venture building through external technology and strategic partnerships. Betsy is now the founder of Brick House Ventures, where she works as a consultant.

Emphasizing Innovation for Humanity

Strategies for creating humanity-centric innovations that address societal needs and enhance quality of life.



Consumer-centric and humanity-centric innovation represent **distinct yet complementary approaches** in the innovation landscape, focusing on individual consumer needs and broader societal impact, respectively.

CONSUMER-CENTRIC INNOVATION

Operates at the convergence of consumer needs, business requirements, and technological possibilities.

Entails creating products, services, or solutions that directly respond to consumer demands, ensuring user-friendliness, and fulfilling specific market needs.

Tailored to capture market share, enhance consumer loyalty, and drive profitability by meeting consumer preferences and needs effectively.

HUMANITY-CENTRIC INNOVATION

Considers societal needs, global challenges, and the United Nations' Sustainable Development Goals.

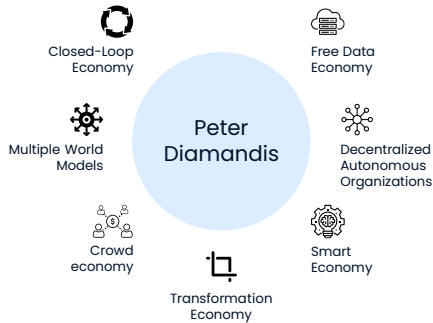
Aims to develop innovative solutions that transcend individual consumer demands and address significant societal issues (poverty alleviation, gender equality, climate change, and sustainability).

Leverages innovative technologies, business models, and scientific advancements to positively impact society at large and contribute to global well-being.

NEEDS OF HUMANITY



NEW BUSINESS MODEL



EXPONENTIAL TECHNOLOGIES



Creative Collision of Humanity-centric Innovation

Creative collision fuses modern business models and exponential technologies to address humanity's needs.

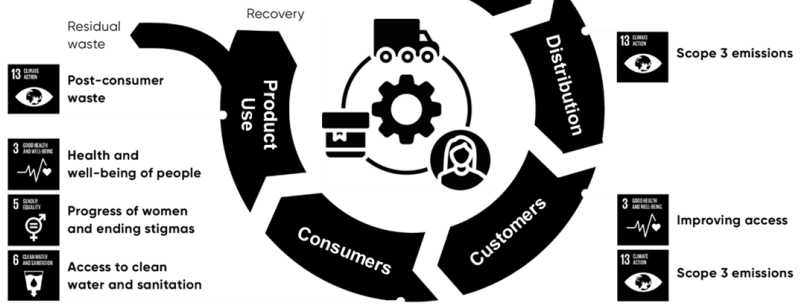
Creative collision, showcased in innovative business models such as Google's free data economy, Airbnb's collaborative economy, and the intelligence-driven economy of ChatGPT, represents a groundbreaking fusion of approaches.

This concept unites key exponential technologies like nanotechnology, biotechnology, quantum computing, AI, robotics, blockchain, 3D printing, and atomically precise manufacturing.

Its aim is to address humanity's urgent needs by merging modern business models with these technologies, ultimately enhancing individual quality of life.



Humanity-Centric Innovation can Impact the entire value chain



Empower your business by infusing humanity-centric innovation into every facet of your value chain – from sourcing raw materials with a reduced carbon footprint to collaborating with suppliers to mitigate scope three emissions. Eliminate waste across operations and foster a circular economy that benefits all stakeholders while ensuring economic viability.



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The concept of humanity-centric innovation empowers us to redefine being a billionaire not solely based on wealth accumulation but on the impact of helping a billion people.



Building a humanity-centric Innovation culture requires empathy, ethics, and sustainability.

1. Foster an empathetic understanding of the needs of humanity. This involves acknowledging and comprehending the challenges faced by different communities, considering aspects like poverty, gender equality, and environmental concerns.

2. Incorporate ethical considerations, empathy, envisioning, empowerment, and entrepreneurialism—what can be called 'STEAM E'—that can transition from education systems to businesses as the foundation for a culture of humanity-centric innovation.

3. Emphasize the need for innovative solutions to environmental problems. Encourage the shift from hydrocarbon-based resources to environmentally friendly alternatives like complex carbohydrates derived from microbes and plants. Support new business models that prioritize sustainability.

4. Foster a culture of curiosity, experimentation, and continuous learning.

5. Promote radical partnership and collaboration with others.





Sustainability often carries the misconception of being costly. Just as quality became free by doing it right the first time, sustainability can be free too. By conserving water, energy, materials, and reducing waste, sustainability becomes attainable without added expenses. I strongly believe sustainability is free, achievable through humanity-centric innovation.

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Embrace innovative, data-driven strategies for humanity-centric progress.

Implementing humanity-centric innovation faces significant challenges, especially in addressing complex issues (e.g., poverty, gender, etc.).

Exploring new business models, such as cryptocurrency and data utilization, presents opportunities to potentially eliminate poverty. If data becomes the new currency, there's a possibility of a wealth inversion, primarily benefiting those at the bottom of the pyramid.

But how can we harness data as a new currency and reshape business models to not only eradicate poverty but create value for all?

1. Solving such dilemmas requires a paradigm shift in business models and thinking. The vision is to relegate poverty to history, akin to an exhibit in a museum, fostering a future where it's an artifact of the past. This ambitious goal demands innovative business models and technology.

2. It's essential to think big, start small, and scale fast, typical of any entrepreneurial endeavor.

Creating purpose-driven businesses is crucial, as they offer scalability compared to charitable initiatives. This aligns with the desires of Gen Z, businesses with genuine purposes attract talent and support the journey towards humanity-centric innovation.



Updating outdated structures is crucial to exploit the potential of AI and modern technologies.

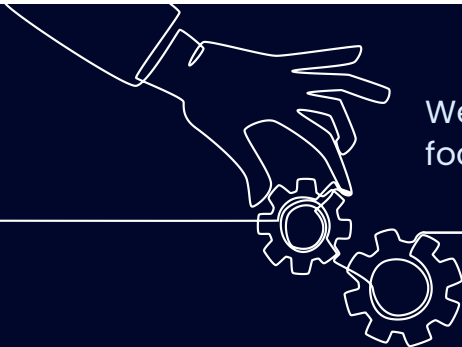
Many of our organizations were created before the internet age, with structures designed around controlling knowledge as power.

In today's context, where imagination holds greater importance than knowledge, restructuring becomes crucial. We need to move away from siloed structures and focus more on interdependent business use cases.

The challenge is akin to replacing diesel motors with electrical ones but using the same old pulley systems, resulting in limited productivity gains.

Similarly, our organizations, designed for past eras, struggle to take full advantage of the potential of AI and exponential technologies.

To progress, not only must we reconsider business models but also transform our operational approaches.



We need to move away from siloed structures and focus more on interdependent business use cases.

Exemplifying humanity-centric innovations: The case of satellite data impacting global sanitation

One compelling example of humanity-centric innovation involves the Toilet Board Coalition, a program that catalyzes sanitation solutions through entrepreneurship. **The aim of the initiative is to drive progress on Sustainable Development Goal 6.2 – sanitation for all by 2030.**

Through this initiative, Kimberly Clark collaborated with SatSense, which utilized data from the European Space Agency's satellites to address the global sanitation crisis.

SatSense employed satellite data to provide crucial insights to companies, enabling them to analyze the quality of effluent, both incoming and outgoing from their facilities.

The information empowered businesses to make informed decisions regarding their operations, such as understanding water quality, identifying suitable plant locations, and monitoring their environmental impact to minimize contaminants released.



The aim of the initiative is to drive progress on Sustainable Development Goal 6.2 – sanitation for all by 2030.

Strategic considerations for humanity-centric transition in established businesses

Established businesses looking to transition their successful product line towards a humanity-centric approach without compromising economic viability face a few critical considerations.

1. Must ensure a clear value proposition that resonates with consumers.
2. Developing a sustainable business model that ensures profitability for both the business and its partners is essential.
3. Devising an effective go-to-market strategy encompassing existing and potentially new channels is crucial.
4. Maintaining a continuous pipeline of innovative solutions is vital, generating ongoing anticipation among consumers.



Technology plays a pivotal role as an enabler, supporting the execution of these pillars rather than standing as the sole driving force. If any of these components falter, the entire endeavor might face challenges.

Incentive alignment and cultural adaptation can also drive innovation in CPG and F&B companies.

The elements of incentive alignment and cultural adaptation are crucial in fostering both external technological adoption and driving humanity-centric innovation in larger CPG and F&B companies.

Aligning incentives with desired outcomes is vital, as individuals tend to operate according to their incentivized behaviors.

Moreover, addressing cultural differences, notably the propensity of large corporations to resist change until necessary versus the entrepreneurial inclination to embrace opportunities until necessary rejection, is essential.

Bridging this cultural gap is pivotal in fostering successful partnerships and achieving mutually beneficial outcomes in innovation endeavors.



It's crucial to build humanity-centric approach goals from the beginning when creating new brands or focusing on an existing brand's innovation pipeline. Every innovation should aim to be more sustainable, ensuring it stands the test of time.

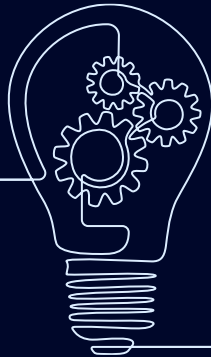
Betsy Bluestone

Former Managing Director for P&G Ventures



Identifying a champion

Approaches to validate and optimize product formulations, balance innovation with practicality, and identify standout products in the market.



Revamping the consumer-centric innovation approach

1.

TARGET BIG CONSUMER CHALLENGES

Investigate unconventional consumer needs beyond the traditional product spectrum (e.g., aging at home, mental health, chronic diseases, skin-related concerns, etc.).

2.

ASSESS MARKET GAPS AND TECHNICAL CHALLENGES

Bridge the divide between existing products and unmet consumer requirements, realizing the role of identifying and addressing the technical challenges of known solutions.

3.

FUSE INTERNAL AND EXTERNAL CAPABILITIES

Leverage internal expertise in tandem with external resources, fostering productive partnership that speed time to market and uncover new solutions.

4.

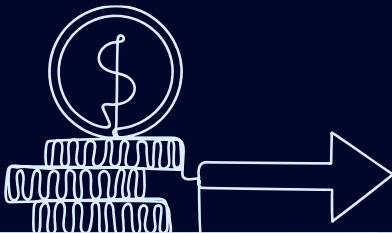
IDENTIFY EXPERTISE BEYOND THE COMPANY'S BORDERS

Explore centers of excellence to unearth innovative technologies and access expert insights, while instituting a comprehensive evaluation process to surface the most promising solutions.

5.

ADOPT VETTING STRATEGIES WHEN ACQUIRING TRANSFORMATIVE TECHNOLOGIES

Ensure a robust and strategic lead scorecard to ensure transformative technologies are assessed holistically.



Consumer-centric innovation focuses on managing innovation and navigating the vast information available to identify strategic areas to invest in.

Navigate conflicting inputs when a market gap or technical advantage conflicts with consumer preferences.

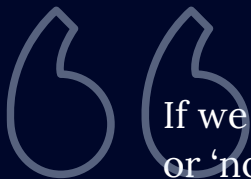
It's crucial to start by revisiting initial assumptions based on consumer insights.

1. Ensure you've accurately identified the consumer's true needs and the gap that needs to be addressed. If marketing or branding isn't effective, even superior technology might not attract consumers.
2. Consider the discrepancy between what consumers say and what they actually do.
3. Reevaluate insights and assumptions within a time-bound framework, allowing for adjustments in communication and product iterations. If, after several attempts, consumers still don't connect with the offering or perceive its value, it might be necessary to move on.

This process can be challenging, especially in startups where belief in the product is strong.



A healthy innovation machine recognizes when it is time to pass as easily as it knows when to persevere.



If we aim for 'maybe' instead of an immediate 'yes' or 'no,' the door is opened to exploration and experimentation. Just reaching a point of interest enough to delve deeper and set success criteria is a win. It's about embracing the journey from 'maybe' that leads to real possibility.

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Failures despite the best laid plans...

CURRENT TECHNOLOGY LAGS CONSUMER/MARKET EXPECTATIONS

Developing products that are truly consumer noticeably superior is no small task. Even when the technical challenge is well understood, the science may not have evolved far enough to meet the highest standards. In the CPG world this most often impacts clinical results, material costs, or stability/expiry. Any one of these challenges can delay or kill a project.

MISALIGNED BUSINESS MODEL FINANCIALS

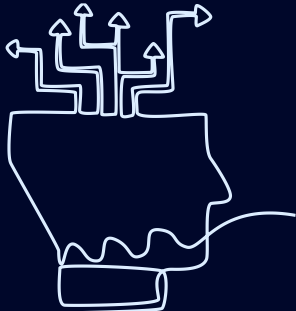
Sometimes, despite meticulous cost analysis for scalability, the envisioned scenarios where all stakeholders, including the company, retailers, and consumers achieve appropriate value doesn't materialize. This mismatch in financial viability can lead to project failures even when the innovation itself is breakthrough.

LOW CONSUMER APPEAL

Market sizing is a critical step when choosing where to innovate, but on occasion, despite a substantial potential audience, a product ends up appealing to a more niche market than expected.

This misalignment with market size can impact COG assumptions, the cost to target key audiences, and ultimately retailer appeal. Any one of these can derail an initiative's financial success.

AI and exponential technologies drive the speed of innovation.



1.

When organizations see time/speed as a valuable resource pairing internal capability with external innovation becomes more interesting.

Complimenting internal efforts with externally-sourced, technically superior solutions can make or break first-mover advantage.

2.

For external solutions to make their way into the consider set, the company's innovation processes must make time and space for external experimentation.

3.

Big organization's reward systems and recognition that celebrate externally acquired successes must be consistent with those that are internally developed.

4.

A culture and practice of valuing externally-sourced successes is key to fostering innovation flow into big companies.

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**The innovation process starts with
deeply understanding unmet needs.
It's about aligning superior
technology with genuine gaps in
consumer satisfaction.**



Stay tuned for more...

PreScouter's Proven Innovator Series is aimed at addressing crucial questions at the forefront of modern business strategy. Our upcoming topics will cover understanding the impact of global regulations on product design, leveraging cross-industry innovations for efficiency gains and exploring the intersection of sustainability and profitability.

UPCOMING TOPICS

Cross-Industry Analogous Solutions

How do I leverage innovations from other industries to reduce development time and R&D expenses?



Sustainable Innovation

How do I leverage innovations from other industries to reduce development time and R&D expenses?

Untapped Opportunities

How do I develop winning products for underserved demographics and traditionally unmet needs?

Global Regulatory Alignment

How do regulations and product compliance affect product design, and when is it best to incorporate these factors into the production timeline?



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Carlex



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