

GIO Podcast Series: Transcript for Competitive Differentiation Through Product Innovation
An Innovation Conversation with IBM and Mattel

Transcript Title: Competitive Differentiation Through Product Innovation

Date: August 2006

Podcast Length: 9:37

Summary: Scott Goodman, Vice President of Product Development for Boys' Toys at Mattel, and Linden Mosk, the IBM Client Manager for Mattel, discuss how their companies foster a culture of innovation that elevates their products and differentiates themselves from their competition.



Host: Amy Hermes, Global Innovation Outlook, IBM

HERMES: Hello, and welcome to TheInnovationValue.com. I'm Amy Hermes. In a world of intensifying competition and relentless commoditization, innovation is the most effective means to creating sustainable competitive advantage and differentiation.

More and more companies are making innovation their top business priority. And so, we're joined today by two leaders in the realm of product innovation: Scott Goodman is the vice president of product development for Boys Toys at Mattel, and Linden Mosk is the IBM client manager for Mattel with 26 years in technology sales, the last eight of which were spent at IBM. Gentlemen, welcome to you both and thanks for joining us today.

GOODMAN: Thanks, Amy.

MOSK: Thanks, Amy. Glad to be here.

HERMES: In a business setting, innovation is subject to a lot of conditions, and there's no set formula for it. So, Scott, Linden, can you tell me a little bit

GIO Podcast Series: Transcript for Competitive Differentiation Through Product Innovation
An Innovation Conversation with IBM and Mattel

about some of the challenges you see in creating a culture of innovative thinking?

GOODMAN: Well, at Mattel, innovation is not something that's formulaic where you can dial in a particular set of things to make a good toy. It's really something far beyond that. And although we can create a real good environment here where, it's conducive for that kind of thinking and that kind of product, there are so many things that are beyond that, that really go into making an innovative toy.

And for our target -- you know, kids -- they don't say, hey, look, can I have some innovation for my birthday? They just think of it as magic.

HERMES: Linden, same question.

MOSK: That's a great question. I think most of our business activity really revolves unfortunately around reactive processes, and I think everyone is so pressed towards deadlines and expectations and compressed timeframes and budgets that many of us get caught up in the trap of non innovative approaches in order just to keep the pace with today's business climate.

So I think the biggest challenge is we have to reengineer

GIO Podcast Series: Transcript for Competitive Differentiation Through Product Innovation

An Innovation Conversation with IBM and Mattel

our own thinking and that of the companies we work for and with, change the way that you go about your day-to-day business and that will yield a better result with more innovated, differentiated approaches to solving problems for your clients and for your own company.

HERMES: Okay, so you head product development for a prominent area of your company, Scott. How do you inspire the creative thinking to take place at Mattel? Also, can you talk a little bit about how you're using product innovation at your company?

GOODMAN: In our industry, for example, we're faced with something that we call, kids getting older younger. Kids today are getting really savvy really young. And to make that toy interesting for them, and to make it magical still, the bar is always being raised.

And for us to have some compelling product, in the case of making something that they will want to buy and they'll want to talk about with their friends, you have to really capture their imagination.

For example, we did a product called the Power Glove in the late eighties, and that product was originally used by NASA, by scientists down on the ground, to be able to actually control robotic arms in space.

GIO Podcast Series: Transcript for Competitive Differentiation Through Product Innovation
An Innovation Conversation with IBM and Mattel

What we did was we turned that technology into something that was affordable and we married that with video games. And we made it as a peripheral, as a joystick, if you will, to be able to control objects. So that's a great application of saying, here's a technology, a completely unrelated field,

Where I think you've got great opportunity to develop really innovative product.

What I think we're trying to do is say, what can we offer that is relevant and maybe it is in a different field, maybe it is using a new technology, maybe it does dabble with electronics. It's having something for the kids so that we are relevant to them as they grow up.

As a person who's been in the business for a while, when I see something that no one had seen before, that to me is where it's all at.

This holiday season we're coming out with something that I think is just going to be spectacular. It marries two very, very tried and true play patterns. One is video gaming and the other one is collectable cards.

The product is called Hyperscan, and what we're doing is we're marrying those two but the innovation is we're

GIO Podcast Series: Transcript for Competitive Differentiation Through Product Innovation
An Innovation Conversation with IBM and Mattel

introducing a never seen before technology called RFID both read and write.

There's a real sensitive of balance to the innovation, the application and the timing of it to be able to really string those together and make something that works.

I'm as excited about Hyperscan as I've been about any of our products in a long time just by going, this is really evolutionary and revolutionary.

So, you really have to marry the innovation, the technology and the end user and if they all aren't aligned, you have the risk of not having a successful product.

HERMES: And that brings me to you, Linden. Let's talk about some of the approaches and technologies from the manufacturer's perspective. What kind of things are you doing and thinking about at IBM regarding product innovation, and what lessons have you learned that maybe you can share with the audience?

MOSK: I think IBM with its ability and rich treasure chest of patents, thought leadership and of intellectual capital can really add some new thinking and some breakthrough thinking to our clients.

GIO Podcast Series: Transcript for Competitive Differentiation Through Product Innovation
An Innovation Conversation with IBM and Mattel

There is so much there that our clients haven't thought about or don't have exposure to. We've got 330,000 employees that all bring different kinds of capabilities and have had interactions with clients with similar challenges all around the world.

When I've been able to take a client's interests or requirement areas, things where they're stumped or can't get answers that meet their objectives to bring a product to market, I've found we've been able to make a nice match and the client's happy.

HERMES: All right. Now, we've been talking specific to what Mattel is doing and what IBM is doing. But innovation is on the minds of a growing number of CEOs, government officials and academic community leaders around the world as they look for new ways to survive and thrive in an increasingly complex and connected world.

You were both recently involved in an event for the Global Innovation Outlook that examined innovation in greater detail across industries and across disciplines.

Can you share with us some of the insights as to what was discussed at the event, and maybe some of the actions that came out of the meeting?

GIO Podcast Series: Transcript for Competitive Differentiation Through Product Innovation
An Innovation Conversation with IBM and Mattel

GOODMAN: First of all, I didn't know what to expect when I got there but it was one of the most exhilarating experiences that I've been to in any type of a company environment in the sense that it was a forum in which you could, you could actually peer into the brains of these extremely smart people, and hear their point of view.

Transportation, for example, was discussed and there was a gentleman from the Ford Motor Company. And it was really insightful to get his perspective relative to the other participants, and just to see that play between the different groups I thought was extremely stimulating.

It was just one of those things that you kind of step back and you go, wow; these guys are really talking about not only stuff that's applicable but stuff that I would like to participate in to be a good corporate citizen as well.

And what that kind of let me build on to after talking with Linden was I think there was an opportunity to kind of work together not as a hardware, software, IT situation, but really kind of a sharing of knowledge, similar to what was being done at the conference like have you guys ever worked on something that we could bend a little bit, and make what would be just an okay toy or a good toy become just a dynamite toy? Becoming something

GIO Podcast Series: Transcript for Competitive Differentiation Through Product Innovation
An Innovation Conversation with IBM and Mattel

that is just a home run.

MOSK: A couple of things that surfaced at the GIO for me personally that have applicability not only to Mattel but to the rest of my client interaction is first of all I think we had some of our best and brightest people within the IBM company as well as some of our clients in the academic world.

It was very impressive to get a chance to interact with them personally, meet them, talk with them, and hear them exchange information about issues and concerns that really affect all of us at large in the world, and list the dialogue beyond the technology marketplace or any of our immediate personal objectives with our companies or our careers and look at those things which are important to all of the human race.

Having Nick Donofrio, Paul Horn and Ginni Rometty, and many others on hand to personally be involved and share their insights lifted the innovation message for me beyond a marketing campaign and really made it crystallize how IBM can help not only our clients achieve their objectives but how we can actually improve our whole world if we can change our attitudes and begin thinking differently about not what we can't do but that we're all personally responsible to take a few steps to

GIO Podcast Series: Transcript for Competitive Differentiation Through Product Innovation
An Innovation Conversation with IBM and Mattel

solving our problems.

HERMES: In the past, businesses felt that they had to create everything themselves. Today, radically new forms of collaboration are possible. How can businesses engage with the entire networked world to learn, to capture feedback or to turn their customers and business partners into co-creators?

GOODMAN: There are a lot of folks out there that year in and year out make submissions to Mattel. I think we're looking in places we haven't looked before... I think that we're developing partnerships. A good example of that is in the Far East where a lot of manufacturers for our product are also inventors, and we work with them to help make product better and to help bring new product to the market.

And what I think is an opportunity to kind of explore would be the relationships with the outside community. People who have passion for a particular product or a concept may not be the design folks, or the engineering folks, or the scientists. These can be folks that just say, look, I really want to be a part of this. The hard part is hearing that voice, recognizing that voice and then giving that person the opportunity to contribute.

GIO Podcast Series: Transcript for Competitive Differentiation Through Product Innovation
An Innovation Conversation with IBM and Mattel

MOSK: If you take a look at a book like *The World Is Flat* by Thomas Friedman, you have to realize that today it's a global economy and that your contribution and your ideas are not any better than the guy in Brazil's, or the woman in China's, or the team in India's, in fact, they're better if you can share.

Collaboration opens up communication, and the more communication we have the better everyone is. And now that the technology is here in place to be able to do that, we can start crossing outside of our company borders, to collaborate from company to company and everyone can win.

HERMES: Well, thanks, gentlemen. These are obviously issues that greatly affect those companies and individuals looking to embrace innovative thinking. I appreciate both of you joining us today to talk about them. Scott Goodman of Mattel, and Linden Mosk of IBM, thanks, both of you very much.

GOODMAN: Thanks for having me, Amy.

MOSK: Amy, thanks a lot for allowing us to talk about how we've been working together and some of the things that innovation is going to bring to bear on both

GIO Podcast Series: Transcript for Competitive Differentiation Through Product Innovation
An Innovation Conversation with IBM and Mattel

Mattel and IBM.

HERMES: Thank you both again. This has been a podcast from TheInnovationValue.com.

[END OF SEGMENT]