

Even when times are tough, an organisation should never forget the importance of packaging innovation. Diageo's **Syl Saller** tells Phin Foster how she ensures the drinks company keeps its eye on the ball, and stresses the importance of recognising weaknesses as well as strengths.



# Topping up on new ideas

**“G**reat innovators go against the grain,” says Syl Saller, global head of innovation at Diageo. “If everyone else is hunkering down, they should be the people asking: ‘What else could we be doing?’ If you have people that want to create solutions within an organisation looking to emerge from a difficult economic environment, it’s a wonderful marriage. A downturn is not a time to take willy-nilly risks and spend money inefficiently – but you need to ruthlessly prioritise for the short and long term. Rip up your innovation agenda just because times are tough and you’re cutting off your nose to spite your face.”

With responsibility for Diageo’s innovation strategy, encompassing all new product development, including packaging, and launch programmes worldwide, as well as the management of R&D, Saller acknowledges that financial events can change one’s focus in the short term, but is insistent that the capacity to do so successfully demonstrates a strong innovation framework. Although the department reports globally, teams are divided regionally to ensure innovation strategy is tightly tied to business strategy at a local level.

“Resources are broken down into different hubs,” Saller explains, “but that model is very flexible and we don’t have people necessarily tied to a single market or a particular brand. That enabled us during the recession to very quickly reprioritise our efforts according to what was happening out in the marketplace.

You need a lot of agility built into your model.”

Juggling the short and long terms requires an understanding of the customer base, a great amount of self-knowledge and the ability to be self-critical. Saller cites Procter & Gamble, Reckitt Benckiser and Apple as companies that all demonstrate these qualities and believes each has been able to build a true culture of innovation accordingly.

“They’re organisations that consistently leverage their strengths,” she says. “It’s all about knowing what you’re good at while

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always being in the hunt for areas you need to improve. We believe Diageo produces the best liquids in the industry, but we realised a few years ago that our packaging wasn’t up to the same level. That led to the formation of a design department who have absolutely revolutionised the way in which we approach the challenge. You need to demonstrate that you can see areas for improvement and then really go after them aggressively.”

The fact that Saller looks beyond her immediate sector for examples of best practise indicates that while innovations must address core business needs, innovation is a more holistic, interchangeable concept.

“I have a lot of respect for what our competition does,” Saller begins, “but I don’t think the industry sets the bar for innovation high enough. We lead the pack, but I’m not satisfied to rest on that; we should be always setting goals. That means I’ve set up my own benchmark: those companies the world sees as leaders in the field. You have to reach high.”

However well an innovation tests before going to market, even the strongest ideas can conceal a hidden defect. Fail to spot the problem, and grand plans become obsolete.

“With some projects we’ll know pretty quickly whether it’s going to fly and in other instances you really need to stick at it and give it time,” Saller explains. “Be patient, continue to invest, but be especially careful that you’re always on the lookout for the fatal flaw.”

This can be difficult with a product launch, where the number of variables can be huge and difficult to control. “It might be that pre-testing does fine, but the concept is completely undermined by the environment into which it is launched,” says Saller. “If that is the case, you need to pull it very quickly.”

Diageo launched Quinn’s in 2006 with a UK marketing spend of £8.5 million. Made by

fermenting fruit juice rather than adding flavours to a vodka base, it was promoted in the ready-to-drink (RTD) market as an exciting new concept. Trials had gone extremely well.

"All our testing said it should be fantastic and in many ways it was," Saller explains. "It fitted a growing trend towards natural products, had great packaging, was responsibly marketed and tasted delicious.

"The problem was that we launched it at the exact time the RTD market was beginning to decline. We had many theories on why it didn't work, but I tend to boil things down to their simplest level. What we were offering was something quite different, but it was shelved

alongside established RTD products. If it looks like a duck and acts like

a duck, it's a duck. Consumers didn't see it as the unique product we'd seen in pre-testing.

The product was removed from the market the following year and established in Saller's mind the importance of pre-testing in markets. "It's not always bad that you fail," she says, "the question is what do you learn from it."

**Fundamental ingredient**

Bringing in others is a fundamental part of creating a successful culture of innovation and ensuring that priorities are fully understood.

Saller has put a lot of work into creating various forums that allow for the dissemination of cross-functional information and believes input must come from the very top.

"We need the experience of our senior execs, from Paul [Walsh, CEO] down, to drive

the team," she explains. "In June of last year we launched a breakthrough ideas programme. We felt that our core strategic platforms were covered and we'd innovated well during the recession, so it seemed like a good time to push the boat out a little further. People brought ideas they'd been working on, but it was the exec team that really rolled up its sleeves and looked to move these projects along. It was a really exciting session and demonstrated how integral leadership is in building the culture of innovation you need."

A successful innovation team also needs a level of autonomy. "To have it as a separate function with a strategy, clear ways of thinking and a definite idea of what excellence looks like helps," Saller agrees. "You'll often be building an idea from the bottom up and it will have a whole set of value chains and economics attached, and it may demand very different things from supply centres. You need to be able to conceptualise all those things at once and that holistic business is something we look to engender in all our innovation leaders." ■



**Syl Saller**

As global innovation director, Syl Saller is responsible for Diageo's innovation strategy, which encompasses all new product development and launch programmes worldwide as well as the management of research and development. Saller also runs the design function, responsible for all packaging development for Diageo, as well as global licensing.



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