



Innovation in Product Development in Orange – Debbie Lawley

Summary

Orange is a fast moving business in a highly dynamic market place and an unpredictable highly competitive environment. The handset no longer just takes calls, it can browse the internet, make transactions, stream video, act as a personal music download centre, a gaming device and a shopping place. With changes in charging mechanisms too, following the entry of players like Skype, the telecommunications field is one of the most demanding. The difficulty is managing the balance between cost competitiveness, the need for excellence in delivery to maintain customer satisfaction and the drive for innovation to sustain long term growth.

Product development in this area then, is a considerable challenge. In addition, the complexities of working in a multi-national environment mean that collaborative capability is the golden chalice in delivering the best products and services to the customer.

The Knowledge & Learning Management team were asked to focus on this area of the business, recognising that improved performance here would be of substantial benefit. This engagement took the team on a journey of understanding that collaborative capability was the key competence in achieving high levels of innovation and the virtual team structure was a key enabler. The team completed the work by redrawing the traditional product delivery roadmap as an innovation life-cycle. The life-cycle relies on excellence in facilitation of the knowledge community to build know how in a product area. The life-cycle then moves on to taking joint ownership of the roadmap. This then enables the people involved to achieve collective learning from delivery experience through the virtual team.

Background

Orange was launched in 1994, the fourth entrant in a busy market and primarily a UK operating company. Product development at that time was largely focused in the delivery of calls, excellence of the network and many of the demands on the business were in meeting the exponential growth of customers.

Towards the end of that decade, the market place changed as did the ownership of the company. Orange, originally funded by Hutchison Whampoa, went through a rapid buying frenzy with France Telecom as the eventual owners. At the same time, the market place changed. Technology was opening up. Text had become a significant feature in mobile telephony but other services were now becoming a reality after the initial WAP hype. Access to the internet now became feasible with the intermediary 2.5G capability, picture and video clips, access to financial services and booking services became mainstream. Now with 3G delivered, streaming video and television on the move are becoming accepted products.

Internally, what did this mean for Orange? Product development had been conducted within the operating company in the UK. Now with Orange as a largely pan European organisation together with presence in Africa and the Middle East, a different approach was required.

The strength of the brand was a key aspect in the desirability of Orange for France Telecom. Ensuring that the benefits of the brand were maximised in all the operating companies was

essential in consolidating the Orange Group. This meant that the products and services coming through to delivery in all the operating companies needed consistency and yet local flavour appropriate to the market concerned. The challenge was how to execute this exceptionally well.

The Knowledge Management team were asked to assist the Orange Product Marketing and Development teams in enhancing product delivery and innovation. Working with the process definition team, the KM Team arrived at a series of approaches to support this end goal.

KM assessment

The initial review consisted of an assessment of the knowledge domains impacted by the product development life cycle. The Henley KM Forum research product from 1994, “identifying valuable knowledge” was used for analysis. The purpose of this tool is to be able to review knowledge domains by strategic importance versus accessibility.



Following interviews and feedback from key performance indicators, some facts emerged. In Orange, the strategic importance of the knowledge domain of marketing was very high – no prizes there! The reassuring result was that this was matched by capability. The same applied for the technical knowledge domain. The area of process development was not so important from a strategic capability point of view and the company was doing some good work in this field. This was not an area for concern. The knowledge domain for international delivery capability was more concerning. This was clearly an area of strategic importance and yet the company’s capability to deliver in this field was not as great as it would need to be. This was impacting innovation. If you cannot translate ideas and concepts into delivered product, the innovation life cycle is severed.

The issue for the KM team was to understand why this was proving to be difficult and what actions could be taken to improve the results in this field. Following more interviews and review, the issue of collaboration emerged as a key competency that was impacting the product development life cycle.

Jane McKenzie and Christine van Winkelen refer in their book, "Understanding the knowledgeable organisation" 2004, to the collaborative index. This useful framework enabled the KM team to get close to the issue in the innovation life cycle within Orange. The complexity of the relationships in the delivery life cycle were considerable within the Orange Group. If Orange could find a way of handling the tension of those relationships, the knowledge flow, creativity and resulting innovative capability would be enhanced considerably.

The focus within the KM team became one of understanding how to ensure the factors in the collaborative space could be understood and improved. McKenzie and van Winkelen refer to three dimensions: task complexity, relationship quality and number of barriers to be crossed.

The challenge became one of understanding how to improve the collaborative capability of the product development group.

Virtual Teams

Most of the people working in Product Development in Orange Group work in Virtual Teams. The Product Manager is usually the Leader of the Virtual Team. Virtual Teams are flexible, versatile structures in many companies but they certainly have their challenges. No-one does this through choice – desperation is the mother of collaboration! Upon analysis, the KM team found that the working life of many people in the Group function consisted of working in several different forms of structures, in any one week. Sometimes they would be in their functional teams, sometimes in co-located project work. But most of the time, people in the Product Development function were working across boundaries, across physical structures and across reporting lines in Virtual Teams. This is an emerging feature of global organisations, especially those in high tech industries.

Support for helping Product Managers and others to cope with leading these virtual teams seemed to be the key to unlocking better collaboration and improved delivery as a result.

The KM team looked for material to support them in creating frameworks for great practice in Virtual Team leadership. There was precious little around that suited the context at Orange. At the time, Orange participated in a network of industries on the subject of Knowledge and Innovation (KIN), overseen by Warwick Business School. A project on Virtual Teams was underway and Orange was taking part. The outcome of the project was a series of challenges that summarised good practice in this field. The KM Team took the challenges and added Orange anecdotes and stories to the material to make a source book. This was then developed into a collaborative training programme to include familiarity on communication methods as well as an action learning workshop on Virtual Team leadership.

The programme proved to be immensely popular. Follow up 6 weeks after the action learning workshop demonstrated changes to behaviour and levels of confidence. This was further substantiated by a 94% result in perception of improvement of global/local inter-networking, the result of the Virtual Team support plus improved process changes, part of the new operating model.

In addition, further work was undertaken to assess specific virtual teams using a questionnaire method, report plus coaching. The pilots went well and acted as a tool in team build.

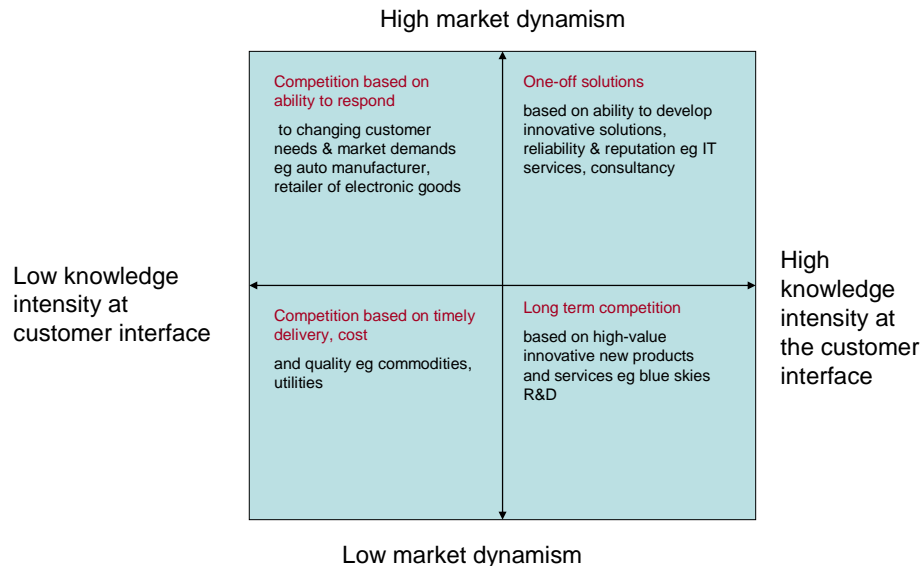
Learning in Orange/ the communities issue

The progress towards achieving a better level of collaboration and therefore, a better level of innovation was established by the focus on the Virtual Team concept. All the same, there was still an area where progress was slow and the KM approach was not working.

Communities of practice had been very valuable in Orange, especially in certain areas of the business. In others, in particular, in Product Development and Marketing, the take up was poor. Communities were largely seen as inappropriate for the fast moving environment that people worked in. In other areas such as Fraud, Legal and Standards the communities approach was well adopted and bringing benefits.

The difference between Virtual Teams and Communities in Orange is important in getting to grips with relevance for this business area. Virtual Teams focus on delivery of interdependent tasks through a dispersed team. Communities are about growing knowledge around a subject area where there is a common purpose. Virtual Teams felt really relevant to people focused on delivery. Communities felt far too long term and ill-defined. And yet the need to gather the intellectual capital around a product and increase levels of innovation would not be met by excellence in Virtual Team leadership alone.

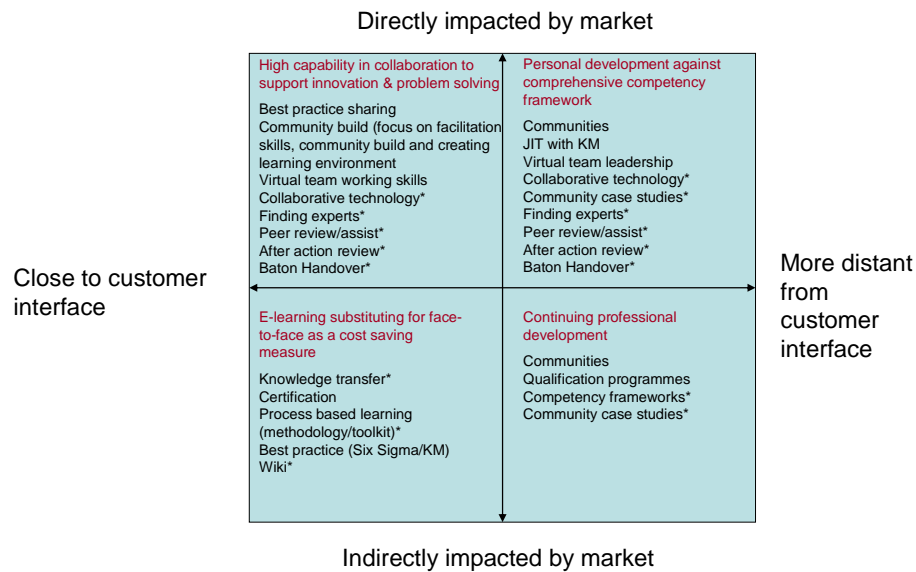
Improving this situation was something of a quandary. During analysis, Lisa Minogue-White and Debbie Lawley started to make headway on the subject using a quadrant analysis adopted from Birchall and Woolfall. Debbie had first come across this approach when doing some research for a paper on the subject of e-learning and business benefit. Birchall and Woolfall refer to two axes: close to the customer interface and directly impacted by the market. This quadrant approach helped in understanding the nature of the environment for different businesses and the nature of e-learning support as a consequence. Debbie adopted this approach in the Orange e-learning briefing and used it again for this analysis.



Courtesy of David Birchall and Damian Woolfall, Henley research institute

The difference in the model this time, was to apply it to different areas of Orange business. By changing the axes to represent proximity to the customer and impact by the market, the different learning needs of the organisation were more easily understood. Lisa's frustration in tackling the reluctance to adopt communities in these areas could also be better understood. The frenetic and unpredictable nature of the business meant that long term communities had little appeal. The

support for Virtual Teams however, was directly appealing as it met an immediate need focused on delivery.



Based on David Birchall and Damian Woolfall, Henley research institute

The challenge for the KM team was to address the learning needs within that area of the business in a way that directly appealed to the realities of working life. The situation was an interesting one. Product Development from the Group was addressing Global needs of Orange. This at times was working in contradiction to the Local needs of the operating companies. The local context was where the ROI was measured. The operating companies were under pressure to achieve revenue results. At times, this could be working in contradiction to the needs of the Group where a more Global perspective was being taken. How could the learning needs of the Product Marketing and Development teams throw light onto this subject?

The governance and direction of this business area was typically run by a Virtual Team with Product Managers within it. These Product Managers then had responsibility for their own virtual teams which covered their product representatives in the operating countries. Any one Product Manager could have a virtual team of people over our 14 different countries, each with their own local needs. The aim was to create a revenue generating roadmap for that product with the virtual team taking responsibility for implementation and resulting revenue. The flaw with this approach was around the ownership of the roadmap. The know-how needed to create content was actually dispersed. No one person had the intellectual capital ownership of the total picture and yet that was in effect, what the governance approach was attempting. The climate was at times a little “political” and hard to get commitment to delivery.

Governance and Direction

Product deployment virtual team

no shared responsibility for outcome

Virtual Management of programmes



*= fragmented programmes with unpredictable delivery,
greatly reduced opportunities for improvement and innovation*

The KM team decided to try out a pilot in one of the product areas – voicemail. Karen Sinclair, Product Manager for Voicemail, had been working with the countries over the previous 6 months on the VAS programme (voice activated services programme). Having built relationships with the country product managers (CPMs), it was clear that the development of a community to discuss the issues or hot topics in order to share best practice and establish a best in class product would be hugely beneficial to the future of voicemail.

Karen felt that a community approach would be the most effective mechanism to drive through revenue maximisation. 'With in life products, the development and evolution is only going to happen through the people that understand their market and context, not through one person sitting in Orange Group. We need to understand the different levels of market maturity and multicultural aspects to ensure that our future direction is relevant and achievable in local markets'.

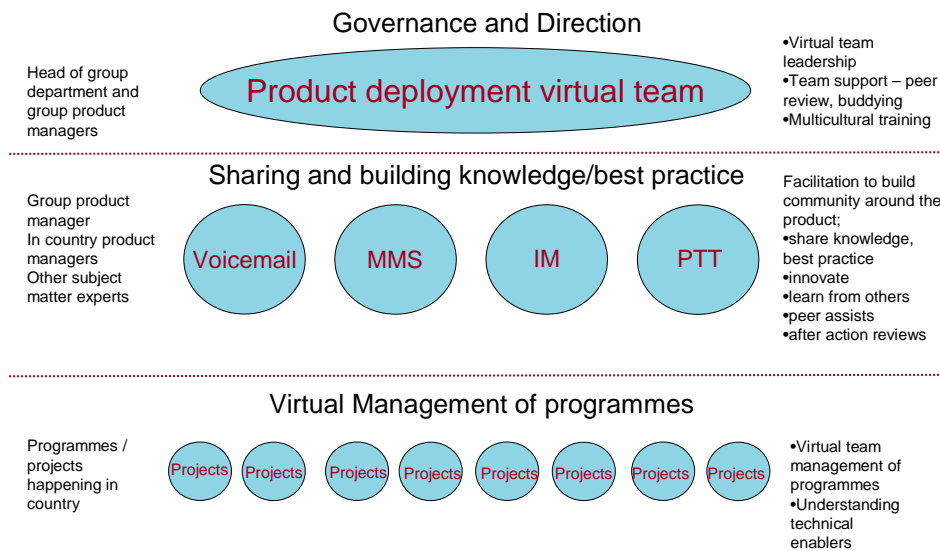
Karen's aim was to ensure that the content of face to face workshops and other interactions was relevant and beneficial to their local role. This meant that the agenda of each event is produced in collaboration with CPMs to ensure both group issues and local issues are given time. Face to face events were considered vital, as on an interpersonal level, Karen felt it was important to establish relationships between in-country managers to facilitate best practice sharing and to build trust in the group role so that they felt the community and group supported and added value to their work. Subject matter experts from design and usability, research and technical have been invited into the community to provide expertise to support specific project work instigated by the community.

'The way we gain consensus is by identifying where value is added. When we show by example and tell the story, people respond to the advantage it adds to them. To build up trust in each other and the global product manager, it comes from face to face interaction and sharing and showing of expertise. '. Results included

- Moving certain prompts in the voicemail menu structure delivered a 300% increase in voicemail revenue in two countries, leading to all countries adopting the approach.

- Made life easier for Orange and the customer - sharing of double billing solutions whilst roaming, through community members has meant time and resources on implementation and huge savings to customer
- The community has responded positively to having reliable performance indicators Countries are able to benchmark, the community members can identify examples of good practice and learn from others. In turn, they can implement improvements that have demonstrated increases in revenue, efficiency and customer satisfaction.

The approach formulated had evidence within the business that it could work and that a collaborative approach was delivering product innovation, cost saving and excellence in delivery. This encouraged the KM team to look further into developing the concept of community skills for product managers as one of the vital skill sets; the other being programme management and virtual team leadership.



The collaboration/innovation programme

This combined approach has now been incorporated into the full collaborative training programme for people working in this field. The concept is presented as a lifecycle with knowledge management skills being prevalent during the early stages of the product network, moving into the formulation of the roadmap and deployment once the intellectual capital has been built up.

The knowledge flow now becomes a complete learning cycle with governance and direction moving through the community approach for growth of know how and innovation, then finally through to the local virtual teams for deployment.

This is enhanced with learning built into the lifecycle within the training ; learning before a project, during a project and after a project. This business area is now increasingly making use of role modelling and stories/case studies to enhance understanding and sustain and embed the approach.

Product delivery and innovation cycle



The training initiated, designed and piloted by KM has now been absorbed by the Product Development team themselves. An excellent method of ensuring that the capability is embedded and further developed as close to the working area as possible.

The overall outcome of this approach has been to recognise that innovation is an outcome of the quality of conversations that people are able to have. That quality is impacted by the difficulty in the collaborative climate. Helpful initiatives will support people with mental models and language that simplify the complexity of the situation and give them confidence in building trust.



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