

Case Study



Casa Pellas

Generating cost savings and disruptive innovations



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The company:

- Casa Pellas is a diverse automotive conglomerate based in Nicaragua; the group oversees a wide range of service-focused companies, including a network of Toyota dealers and automobile service centers.

The challenge:

- No corporate-wide innovation program existed – formal innovation occurred in one department only
- Continuous improvement program able to capture only small ideas
- Strategy to achieve corporate growth goals required a new approach
- No breakthrough ideas created through existing process

The outcome:

- Launched an integrated, enterprise-wide innovation platform and Kaizen system
- In just 18 months, Casa Pellas implemented a wide variety of 868 new ideas from all areas of the business
- Achieved a 10-fold increase in ideas generated – greatly exceeding expectations
- Exceptional ROI – over \$1 million of new revenue realized from just three ideas

Business Challenge:

In 2008, the Casa Pellas leadership team decided to implement a formal innovation program to drive corporate growth. Casa Pellas had already studied Kaizen techniques – a Japanese-developed method for improving company performance – through its close business relationship with Toyota and its exposure to the Japanese working culture. It made sense for the company to expand this activity, and it was logical for Casa Pellas to use the Kaizen continuous improvement model as a starting point. However, instead of targeting smaller, incremental company improvements only, the organization wanted the core focus of its innovation program to be enterprise-wide, breakthrough idea generation that would lead to sustainable, scalable corporate growth.

Background:

Casa Pellas is a very diverse business conglomerate, providing a wide variety of services including vehicle sales and servicing. Innovation is one of the key corporate values, and throughout the company, there exists a strong culture which encourages every employee to contribute ideas that could improve and strengthen the business. Before the transformation, innovation as a structured, managed approach occurred only in a single department of just 180 people. The process was primarily paper based. An employee could offer an idea to a local innovation manager who would then update a spread sheet that listed all ideas. The current approach was time consuming, could not scale to support the whole corporation, and generated only small-scale improvements and no high revenue impacting ideas.

Scenario:

Casa Pellas benchmarked a variety of innovation best practices and discovered that the best approach to managing and capturing breakthrough ideas was to implement an innovation management software platform. It would allow all employees to share ideas and to ensure no idea would be lost, whilst equally it would be able to manage ideas both for growth and for incremental improvements.

At that time, Casa Pellas was closely linked to BAC, a sister company and HYPE client. HYPE's innovation management platform had been implemented and was working well at BAC. After ensuring HYPE met their requirements, Casa Pellas opted to implement the same solution. Casa Pellas was impressed with the extent in which the application could be adapted, enabling them to implement their whole innovation process within HYPE.



The Solution:

The initial phase started with just a small number of employees who were trained in the innovation process, including how and why to participate. The training included raising awareness of the value of sharing ideas and demonstrating how this could help the company. In late 2009, six departments launched the application as early adopters.

In February 2010, HYPE was implemented across all eighteen departments for 1,000 employees as the application went enterprise wide; any employee could share their ideas either through participating in targeted campaigns or through an open process which welcomed any concept that an employee wished to contribute.

Casa Pellas organized workshops for all employees, where the innovation process was explained again to new participants in the program. Some departments joined later than others, and some were initially skeptical of the program. However, now that the value of the submitted ideas has become obvious, all departments are fully supportive and actively participating. To motivate and recognize contributors, Casa Pellas offers a variety of employee incentives, such as vouchers for supermarkets.

Every few months, the top-recognized employees are able to select their own reward from a list of options. The company also presents an annual reward for the 10 most innovative employees. Finally, when an idea which is considered a radical innovation is successfully implemented, Casa Pellas presents a monetary award to the innovative employee.

Details of the program:

Most participants contribute their ideas as a response to a company-initiated idea campaign. There are two types of campaigns: global – which occur approximately every six months – and departmental – which run when required. The campaigns are focused on a need or theme; on average, the business manages four departmental campaigns per year, with each campaign sponsored by the group which has the need or requirement for ideas.

During the idea evaluation process, the local innovation leader will assess the ideas and – if they qualify – formally classify them as radical concepts: these are defined as ideas which meet key growth criteria. Next, the ideas are subject to a validation process managed by the core innovation department. This team delivers a more detailed assessment and confirms that the idea meets the criteria for a radical concept. The R&D group then creates a business plan for implementation before handing the idea back to the innovation committee. The executive group – including the chairman – will hold regular portfolio reviews to check progress and make key decisions.

Casa Pellas has also introduced a fast-track process. Once ideas have been captured, the assessment process is supported by one of the company's thirteen innovation committees, which reviews and evaluates each idea. The idea is then aligned to the applicable business units, or alternatively, an idea may be implemented company-wide. Finally, the committee assigns a person to implement any approved ideas.



*Rebeca Rivera,
Innovation & Kaizen Manager at
Casa Pellas*

“HYPE offers a way for all our employees from anywhere in the company, even those without a formal education, to share their ideas. The tool is highly configurable and maps to the way we want to work, ensuring those precious ideas make it to the right place and through to implementation.”

*Rebeca Rivera
Innovation & Kaizen Manager at
Casa Pellas*

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Benefits:

Casa Pellas has realized an astonishingly steep increase in the number and quality of ideas by moving from small-scale, departmental activities to an enterprise-wide, software-enabled program. The technology has provided scale to the approach, but the process supporting it has proven to be just as important. Previously, their paper based system reached just 18% of the workforce. With the legacy process, only 97 ideas were proposed, 41 approved and 23 implemented. None of the ideas proposed under the legacy process would meet the current company definition of a radical innovation.

As of September 30th 2011, 2,061 ideas have been proposed, with 1,011 approved and 868 implemented. Six radical ideas have been implemented to date, and three of those ideas have generated over \$1m in revenue. Even more exciting for the company: nineteen new radical innovations are currently in the implementation pipeline. One idea is to develop a new service, whereby customers can have their car serviced either at their home or place of work: this represents a potentially disruptive innovation to the current market.

There have been softer impacts as well, including a positive change in the people and the culture of the organization. Employees are more openly enthusiastic and excited about innovation, and they are keen to participate in the process. This represents meaningful, sustainable change which benefits the whole organization – and in turn, benefits Casa Pellas customers.



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