

BEING INNOVATIVE: A QUESTION OF SURVIVAL

Bernhard Bukovc from Postal Innovation Platform (PIP) and the startup platform for the postal and logistics sector, Postal.Rocks, considers what makes a successful startup and why big PR shows and good intentions don't make for a lasting innovation strategy.

In today's fast moving world, innovation is absolutely vital for companies to stay relevant. New technologies and startups can help solve existing operational problems or hold the key to increasing company growth and efficiency. Over the past few years innovation and startup programmes have become increasingly common in the postal and logistics industry.

Robust processes vs innovation shows

Successful startups are built on thorough and robust processes that combine sourcing and identifying ideas, problems and technologies with prioritising those ideas, categorising them, gathering relevant data, testing, and integrating them into the company. Another prerequisite for success is developing a team responsible for rolling out the solution internally.

Several postal and logistics companies have implemented highly successful startup programmes. Swiss Post for example started testing drones with Matternet, as did many others. However Swiss Post were following a clear plan. They have an internal pipeline which lays out when new products or solutions are tested, which steps the innovation and operational teams need to follow, with a clear timeline to take a decision on whether to enter the next phase. This all led to the implementation of drone services for laboratory samples.

Since December 2018, Swiss Post has been transporting medical lab samples across the Zurich lake basin. Test flights in June last year demonstrated that the drones provide true added value. They are about five times faster than conventional road transport, save valuable time for patients and are also more ecological.

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Another example of a successful startup is Unmanned Life, a company which has developed autonomous robotic sorting solutions. This is an asset light, more flexible and scalable sorting technology, making it in many cases more attractive than conveyor belt sorting. Swiss Post teamed up with Unmanned Life on a pilot, which was conducted last spring. After that, the pipeline process foresaw the evaluation of the pilot and if the criteria were met, the start of a second pilot. The decision was taken to realise a second pilot which will start soon in a Swiss Post distribution base.

As proven by these examples, innovation strategy is successful if it leads to the new technology being implemented, if it is able to change and optimise operations or leads to cost savings or revenue growth. This may seem the logical or even the most obvious way forward but not all companies that claim to be 'innovative' are following robust processes. Many large organisations have an innovation department, but are lacking the infrastructure to bring a new technology from the piloting or testing stage to implementation.

However what they do instead is to stage innovation activities to show that a company is innovative, even when they aren't – this is what I call an innovation show.

In many sectors top management is under constant pressure. If you don't show that your company is innovative - you aren't seen as credible, you aren't regarded as understanding the market, its customers or the current industry trends.

Drones are a good example of innovation shows. Many national posts have experimented with drones and have staged an event in which a drone has transported a parcel. But one drone test doesn't have an impact on operations or delivery processes it is simply a show for the cameras. Often, the CEO appears, pictures are taken and the public gets the impression that the postal company has its fingers on the pulse of latest trends and technologies. However this is not really true if new technologies are not deployed and are never going beyond a test or pilot phase. Over the past few years, many drone or other new technology tests have merely been for show.

In order to show the outside world that their organisation is at the heart of innovation many companies hold idea competitions, innovation days or other internal innovation events or they appoint an innovation manager. These activities can produce pilots or prototypes, however this is rather a pointless activity if it is done half-heartedly, without the company committing to the idea completely. If there is no end-to-end pipeline in place then innovation or new technologies are hardly ever (or never) implemented.

The criteria for success

And this is exactly what differentiates innovation shows from a robust innovation and startup architecture. A robust innovation and startup architecture needs to reflect certain criteria in order to be successful. And success means the integration of new technologies or solutions in operational processes or new products, services etc. In other words, innovation must have a real impact on the company, its processes or service offering. The challenge is to get there, and along the way many things can go wrong. That's why processes need to be in place that provide a seamless pipeline from sourcing to integration.

That's not a simple task and many projects trying to implement a robust innovation and startup strategy fail. Even in established companies with a reputation of innovation and entrepreneurship this is not an easy task. When listening to top executives of these companies the satisfaction level with their innovation architecture is low.

A few years ago Dr. Altriger from Harvard University published research on innovation models in global companies. Her findings indicated that 70 - 90 % of all projects trying to stimulate "intrapreneurship" within an organisation fail.

American management consultancy firm McKinsey conducted a survey among executives asking them about innovation in their companies and how they would rate it. While 80% of the executives said that their current business models were at risk, thus underlining the need to innovate, only 6% of these executives were satisfied with the innovation performance within their organisations.

Another survey from management consultants Accenture involving corporate employees, corporate decision makers and self-employed individuals came to the conclusion that only 20% were of the opinion that their employer would offer enough support to develop ideas.

A recent analysis, published in the Harvard Business Review, listed some of the biggest obstacles to innovation in large companies. A survey among 270 corporate leaders revealed that they struggle with innovation and that the biggest obstacles are politics, turf wars, lack of alignment, cultural issues, the inability to act on critical signals and developments or budgetary issues. While we can all agree that innovation is important, that we bring new ideas and technologies into our organisations and that we find the right partners, including startups, it is obviously very difficult to do it right.

Exchanging, sharing, sourcing and analysing will become easier when postal and logistics companies meet at Triangle World Mail & Express conferences



Secrets to startup success

Here are some important criteria that can help to shape a structure which could be the basis for a successful innovation and startup process.

1) What is needed is a serious and robust internal process (end-to-end pipeline) from sourcing to deployment. As explained, the main objective is to have an impact within the organisation. If a new technology never meets operations or never goes beyond the pilot phase it does not bring any value to the organisation.

2) You need commitment from the top management and the involvement of all management levels. Once the entire organisation is committed and also employees see that ideas and new solutions will be taken seriously and can in fact be implemented, the process can produce innovation.

3) All this cannot be done half-heartedly. A few innovation activities and some relationships with startups will not do it. You need to dive fully into innovation and startup management and establish an entrepreneurship culture.

4) A structure driving innovation and startup cooperation within a company can only be successful if necessary resources are provided. If the argument is brought forward that a pilot cannot be done because it hasn't been budgeted for, something is wrong. Unfortunately, we still hear this argument quite often. Innovation is always unbudgeted and unexpected.

5) Be open to exchange, collaborate and share with others. If you don't want to share and exchange how will you learn or source new technologies? Looking at successful startup structures in postal and logistics companies today teaches us that the most innovative companies are also those which are open to exchange and share.

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Triangle World Mail and Express startup activities

As explained, it is difficult to implement an innovation and startup architecture that can be successful and leads to real and valuable results.

The Postal Innovation Platform (PIP), an initiative promoting innovation and new technologies for the postal industry, was founded in 2013. PIP is an open platform under the umbrella of two academic institutions, Ecole Polytechnique Fédérale de Lausanne (EPFL) in Switzerland and George Mason University (GMU) in the US. I also launched a startup platform for the postal and logistics sector, Postal.Rocks, which organises startup events, sources startups and connects them with relevant industry players.

Postal.Rocks and PIP have organised various innovation and startup focused events over the recent years. We came across many innovation and startup projects, exchanged best practice and organisational models and have listened carefully to questions and problems organisations face when implementing such innovation and startup projects. While some organisations are open and eager to share best practice and even cooperate for sourcing new ideas and technologies, others are less ready or their innovation team doesn't have the resources to do so.

This year Triangle World Mail & Express, Postal.Rocks and PIP have joined forces to organise activities that will help postal and logistics companies to face these challenges and address some of the many questions and issues.

Exchanging, sharing, sourcing and analysing will become easier when postal and logistics companies meet at Triangle World Mail & Express conferences to discuss best practice and case studies as well as connect with selected startups. WMX Americas will have

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a startup focused session in its programme and WMX Europe will even provide a startup seminar alongside the main conference. These highly interactive events will enable an optimal exchange between startups and postal and logistics industry stakeholders.

In addition, the World Post & Parcel Awards Programme 2019 will, for the first time, include a startup award. Startups from all over the world will be invited to submit their applications and during the Award Ceremony at WMX Europe in Dublin the winner will be announced.

Final words

If a company doesn't innovate it doesn't mean standing still, it means falling behind. So, there is no alternative. However, just launching some innovation or startup activities or putting in place a team to take care of innovation is not the right approach. It would probably be better to save the resources for other tasks.

A serious innovation and startup architecture that can make an impact and helps the organisation to better respond to operational needs or market demands is a huge challenge. If you don't want to fail you need to be ready to put enough resources into this project and to fully commit.

If you want to learn more, don't miss the innovation and startup sessions at World Mail & Express Conferences in 2019 and meet with startups from all over the world.



About the author

Bernhard Bukovc founded and manages the Postal Innovation Platform (PIP) and also launched a startup platform for the postal and logistics sector, Postal.Rocks. He previously worked for the Austrian Post as Director of Regulatory Affairs, and served as the Director of Inter-company Pricing and Regulation at the International Post Corporation in Brussels for over five years. Bernhard is also an entrepreneur, who founded and manages Vinaficio, a cross-border e-commerce platform for European wineries. Bernhard holds a LL.M from George Washington University, USA, and a J.D. from the University of Graz, Austria. He lives and works in southern France.