Wharton EXECUTIVE EDUCATION
Aresty Institute of Executive Education
UNIVERSITY *of* PENNSYLVANIA

Driving Innovation and Profits

THE PHILIPS OCTAGON PROGRAM

The Challenge

How can a well-established global company increase profitable innovation and collaborative leadership—when market conditions are uncertain and past success patterns have discouraged leaders from taking risks?

That was the challenge facing Royal Philips Electronics (Philips), a $38 billion global company and pioneer in health care, lifestyle, and lighting solutions.

The Goals

Philips envisioned a leadership development program that delivered on three key goals:

- Equip its senior leadership potentials with the most advanced skills in innovation, value creation, and leadership
- Instill a new leadership mindset that promotes innovation, collaboration, and calculated risk taking
- Create a cohesive pool of strong, like-minded leaders to fill Philips' succession pipeline

The Solution

After an extensive search, Philips partnered with Wharton and the Center for Creative Leadership to create a program for its senior leadership potentials, which included:

- Innovation, Strategy, and Business Acumen—A customized set of tools and practices to improve the "innovation DNA" throughout Philips
- Leadership, Team Building, and Influence—A practical approach for creating teams to establish the new innovation processes and culture
- Three Global Modules—A facilitated immersion experience to prepare leaders for global growth roles
- Six-Month Action-Learning Projects—Projects that modeled the actual process of launching successful innovation initiatives within Philps—from start to finish—giving the participants a repeatable process for launching future innovations

PHILIPS

THE IMPACT

More Innovation

- The 60+ projects since the launch of the program have driven innovation across multiple business units, geographies, and product lines.

Successful Innovation

- Over 50% of the Octagon projects are integrated into the Philips Innovation Pipeline.

Profitable Innovation

- Financial returns from the innovation projects have exceeded the costs of the program, increasing its value as a strategic investment.

Excellent ROI

- One project alone contributed over €25 million in profits the first year, and the project model was replicated in several other markets.
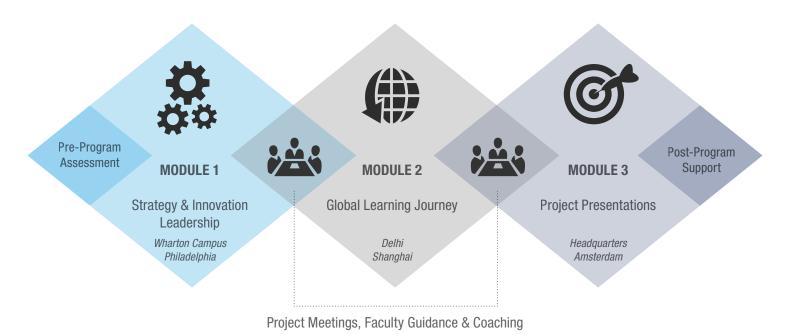
Strong Leadership Pipeline

- Many Philips Octagon program graduates were promoted into Executive Global Leadership roles.

The Philips Octagon Solution

Each Wharton Executive Education custom engagement is designed to address the specific needs and challenges of our clients. Every custom program design is different. The following is a snapshot of the Philips Octagon program design.

- One to two cohorts of 32 senior leadership potentials per year
- Three Global Modules:
  - Wharton's U.S. campus—For depth and variety of faculty
  - An emerging market (China, India, or Russia)—To deepen customer experience through home visits, market visits, and meetings with global leaders
  - Amsterdam headquarters—For action-learning team reports to the top management team
- Leadership Insight Tools—Participants received leadership assessments, executive coaching, and peer feedback to broaden their self-knowledge
- Collaboration Simplified—Biweekly conference calls ensured seamless collaboration; single contract with Wharton simplified the process for Philips

Pre-Program Assessment

MODULE 1

Strategy & Innovation Leadership

*Wharton Campus
Philadelphia*

MODULE 2

Global Learning Journey

*Delhi
Shanghai*

MODULE 3

Project Presentations

*Headquarters
Amsterdam*

Post-Program Support

Project Meetings, Faculty Guidance & Coaching

Key Session Topics

Module 1

- Global Trends
- Leadership Competencies
- Innovation Strategy and Value Creation
- Team Dynamics and Virtual Team Leadership
- Critical Thinking and Decision Making
- Marketing New Products and Services
- Managing Uncertainty
- Leading Profitable Innovation

Module 2

- How to Do Business in [Emerging Market Country]
- Emerging Market Home Visits and Shop Visits
- International Trade Simulation
- Building Stakeholder Commitment
- Meetings with Emerging Market Management Team
- Assessing the Corporate Portfolio
- Mergers and Acquisitions
- Building the Business Case: Key Performance Indicators

Module 3

- CEO Forum
- Leadership Brand Statements
- Mentoring Sessions with Senior Leaders
- Team Project Presentations and Debriefs