

Getting Innovation to Market: The Story of Touch2O

September 12, 2019



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Panelists:



Pam Henderson, Ph.D.

cofounder and CEO
NewEdge, Inc

Pam Henderson, Ph.D., is CEO of NewEdge, Inc., a growth, strategy and design firm that advises companies across every industry including over 75 Fortune 500 and 50 startups and non-profits. Pam pioneered Opportunity Thinking™ principles, a new approach to innovation that helps organizations...[Full Bio](#)



Bob Rodenbeck

Director, Research & Development
Delta Faucet Company

With a background in the aerospace, security and plumbing industries, Bob Rodenbeck brings a diverse set of skills in engineering, product marketing and innovation to his leadership role as senior director of research and development of Delta Faucet Company. Throughout Bob's 30+ year career...[Full Bio](#)



John Metselaar (Moderator)

Program Director and Senior Fellow
The Conference Board

John Metselaar leads Europe's Innovation Council, which is based in Brussels. He also serves as a senior fellow in innovation, leadership, strategy, culture and change, as well as digital transformation. Metselaar is professor of management practice in "Leading and Living Innovation...[Full Bio](#)





Conference Board Presentation

Conference Board | September 2019

Your Hosts



Pam Henderson, Ph.D.
CEO
NewEdge, Inc



Bob Rodenbeck
Director, Research & Development
Delta Faucet Company



Our mission is to help organizations...

See *the full landscape of possibilities*

Focus *on vision and strategy*

Act *with aligned, clear roadmaps*





Why Choose NewEdge?

Our Industry Experience



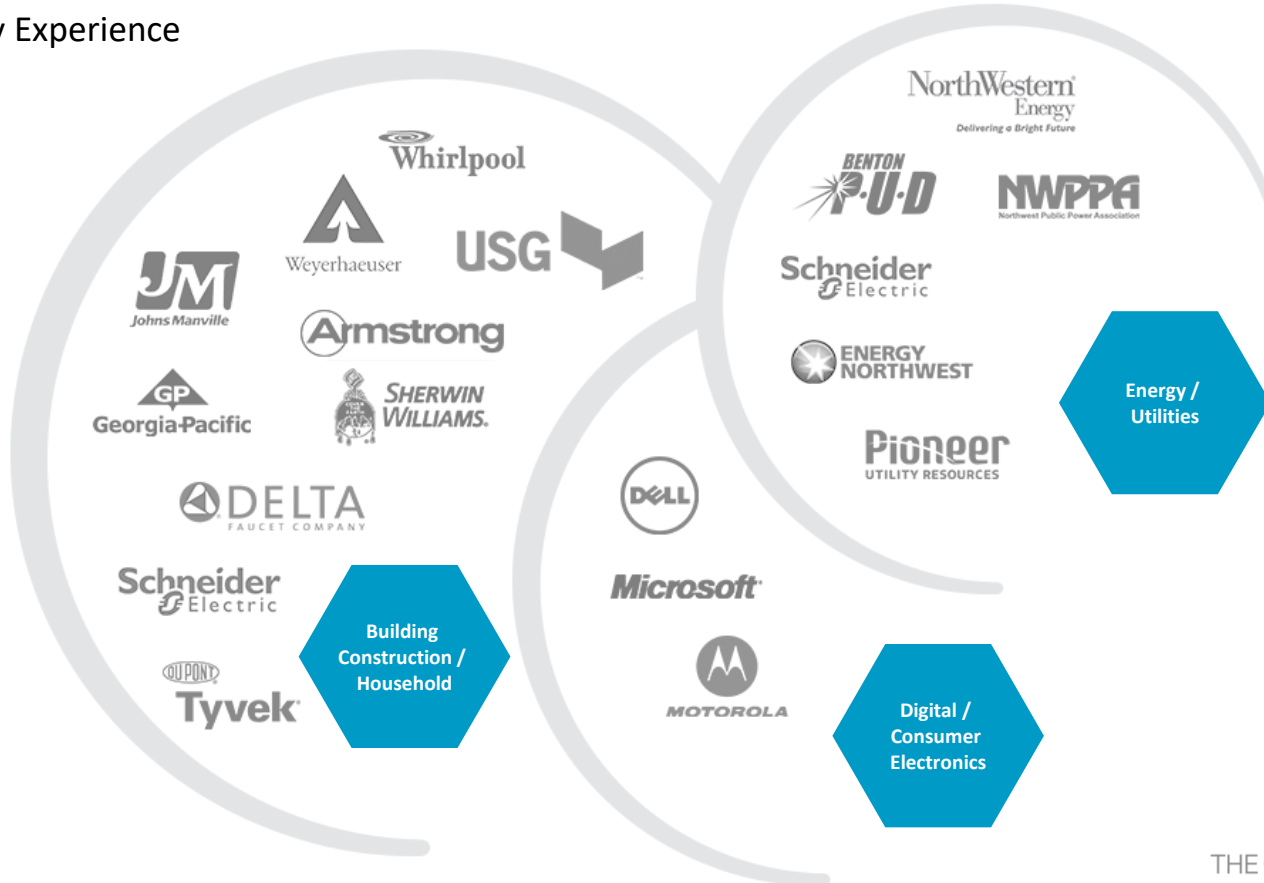
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Our Industry Experience



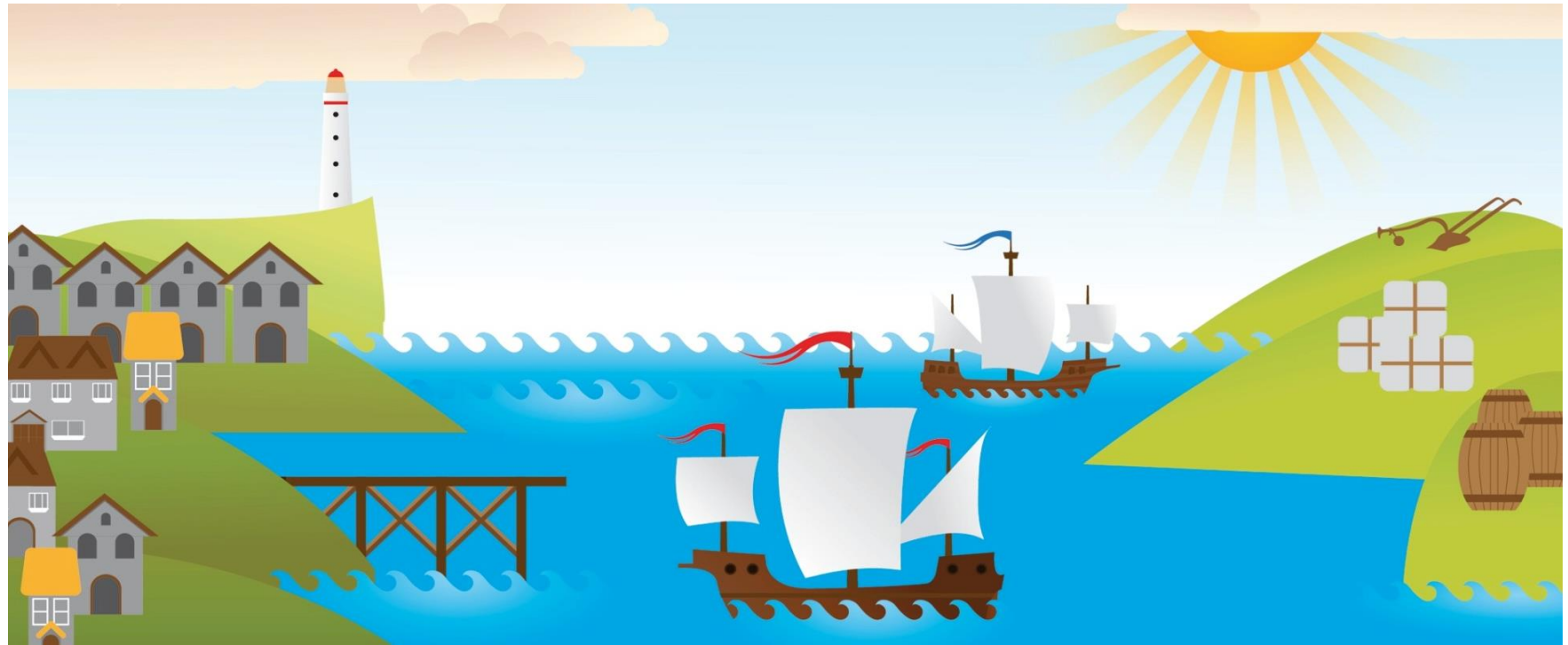
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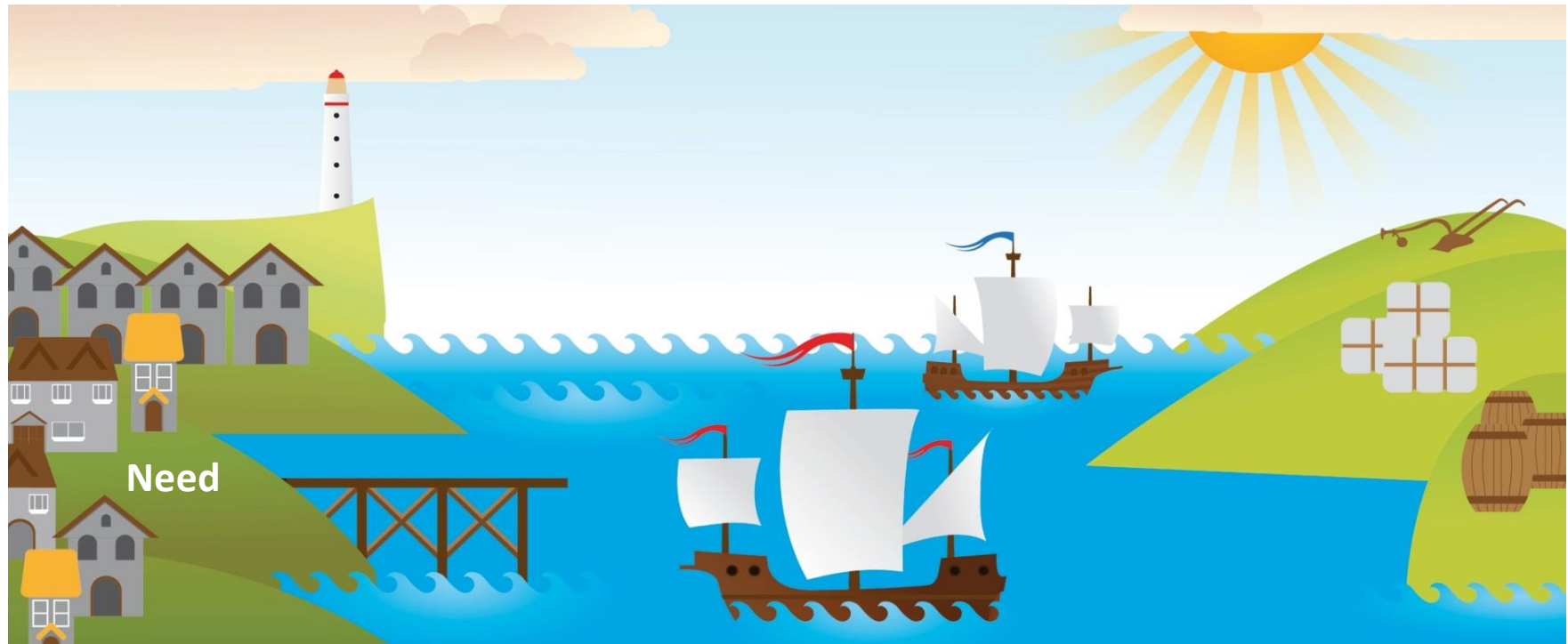


What is opportunity?

op·por·tu·ni·ty Latin OB PORTU (1375-1425)



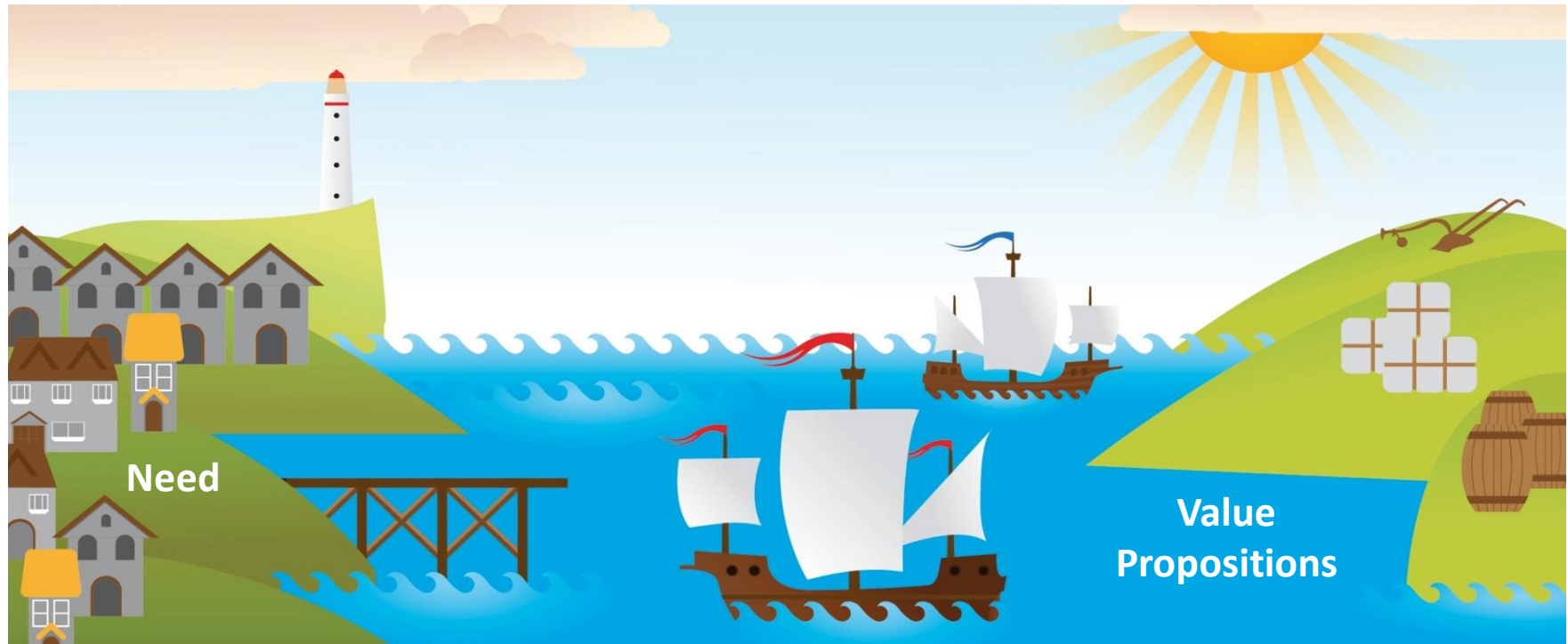
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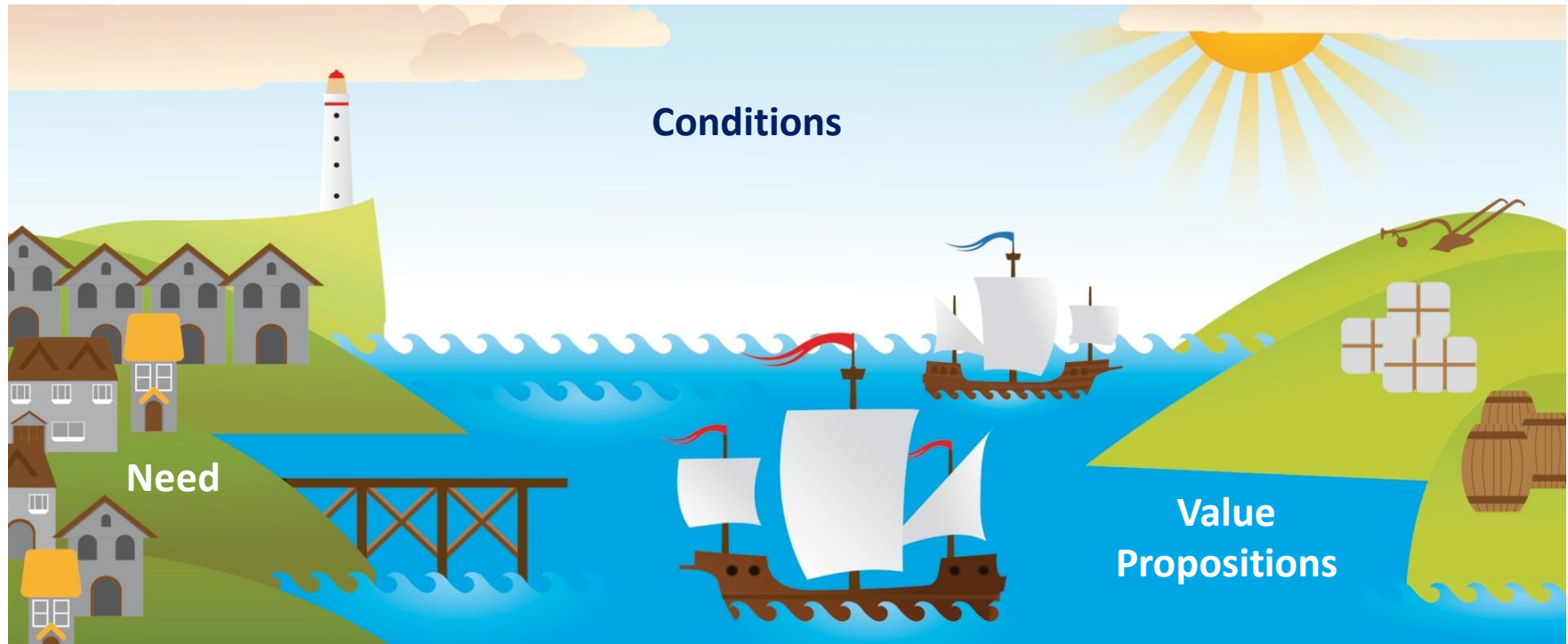
Need



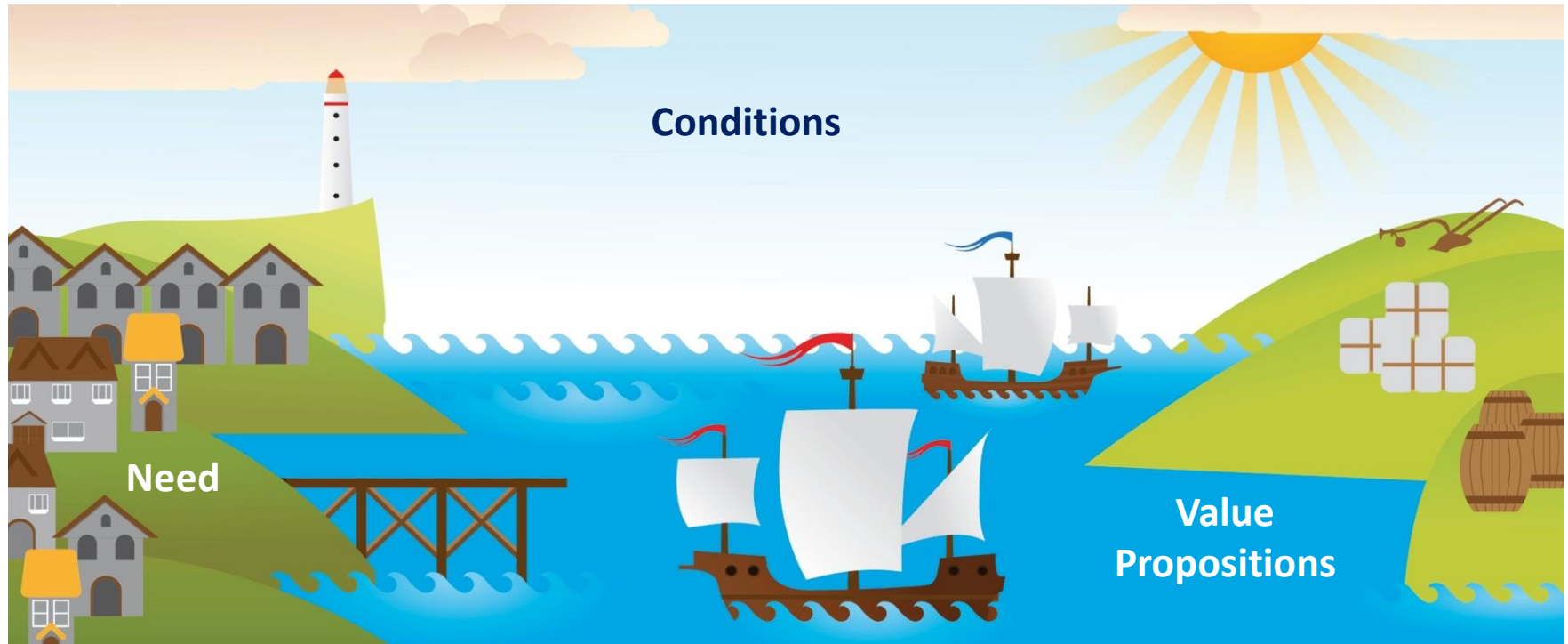
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Opportunity = Need + Value + Conditions



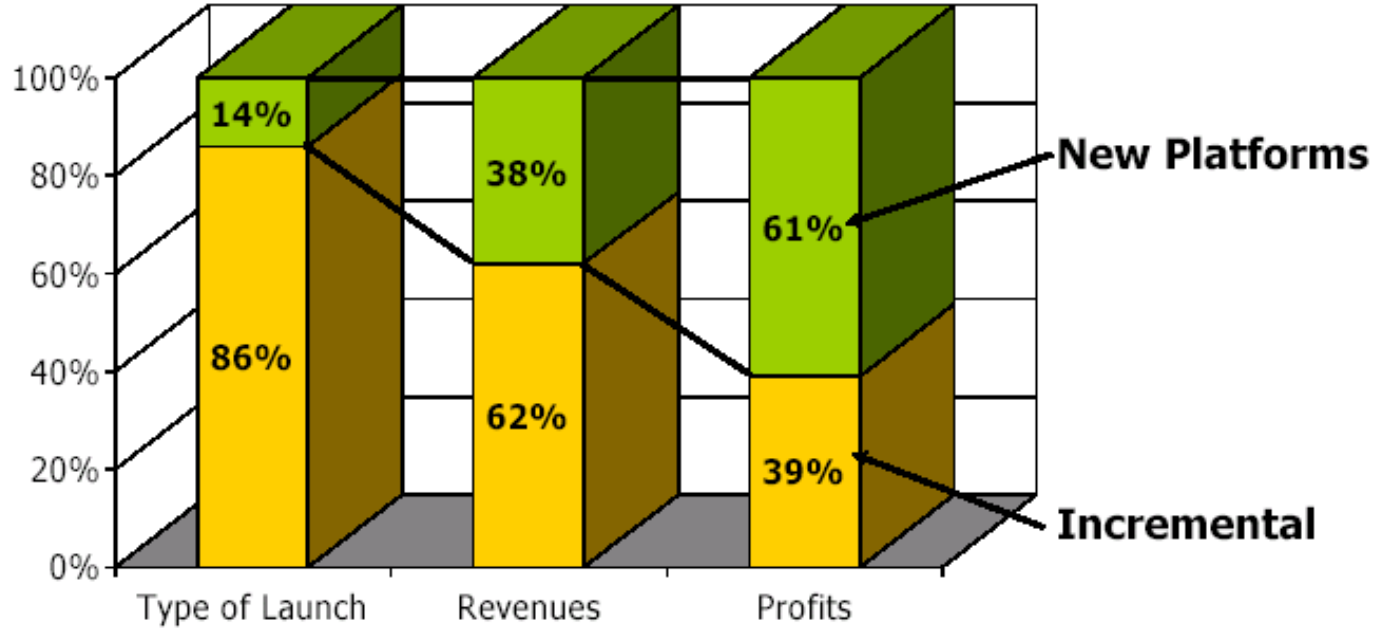


- Established in **1950**
- Leading brand of faucets, shower heads, bathing enclosures and sanitary ware



The Delta Faucet Company is perceived by the customer and consumer as the preferred kitchen and bath **plumbing products innovation leader** in North American and Emerging Markets.

*"Wealth flows directly from innovation... not optimization...
wealth is not gained by perfecting the known." - Kevin
Kelly*



Disproportionate wealth creation from new platform opportunities

Pascal / Touch20 Case Study

Time Period: 2002-2009

- The Delta Faucet company had been run as a “cash cow” for many years
- Distant Third in Brand and Sales
- Facing Business Model disruption and intense offshore competition

- New Management Team desire to re-invest in business
 - Small R&D group created to do things differently
 - Engaged consulting firm to perform ethnographic research

“User interactions and water control problems are connected and complicate usage.”

“I have **significant temporary needs** but do not or can't replace the faucet.”

“I often use cold water because **hot water isn't available.**”

“I often **waste water** waiting for hot water to arrive.”

“When the faucet is running, I feel guilty about wasting water, but I choose wasting water for convenience.”

“I have **fears about children** & hot water & waste of water.”

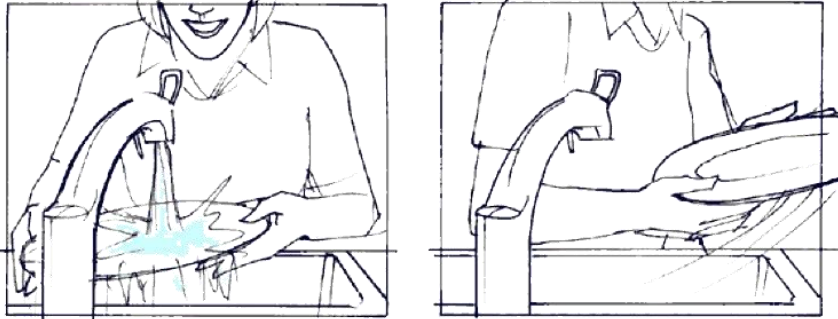
“The things I do most often could be easier.”

“I don't know if the **water quality** is good or not.”

“Every time I use the faucet, I have to clean up.”

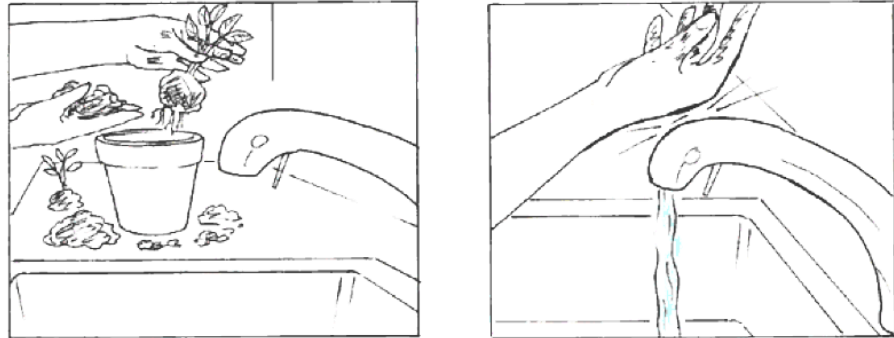
“I need **better feedback** to control the water .”

HANDS FREE - KITCHEN



- Water turns on as hands or objects are placed under spout.
- Water turns off as hands or objects are removed.
- Faucet also functions normally with handle.

TAP CONTROL - KITCHEN



- Turn faucet on/off by gently tapping the top of the spout.

- The Project
 - Develop electronic faucet to deliver on ethnographic research findings
 - High degree of skepticism in Building
 - Manifested as apathy towards project
- The Team
 - Assigned one experienced Engineer, with the balance of the team consisting of new hires (manufacturing, quality, supply chain)
 - This was a blessing!

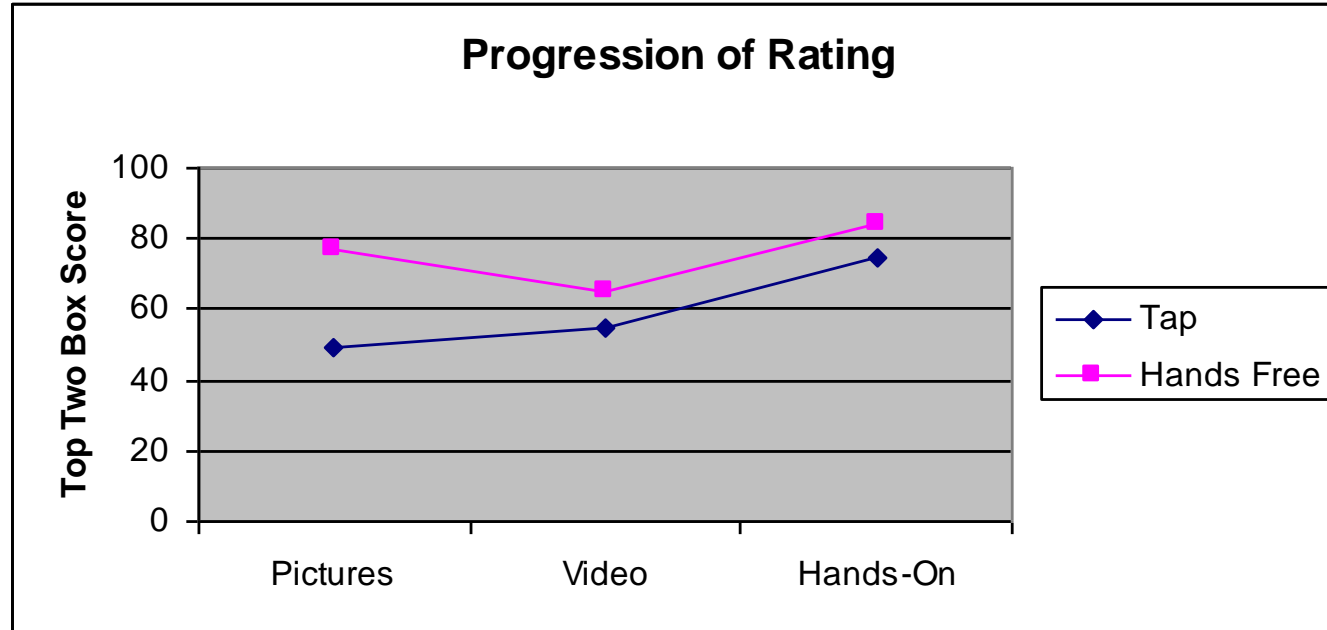
Pascal Development

- Nearly all work and approach was non-standard
 - Electronic infrastructure was created from scratch
 - Focused on prototyping and working models to develop new technology and feature set
 - Many, many iterations
 - Select few home trials during early stage
 - New suppliers & manufacturing processes
 - Lots of Field Trials (including celebrities) nearing launch
 - Show Room pilots with mystery shoppers
- Building Support
 - Internal Demonstrations
 - Demonstrations with Reps and Sales Associates
 - Field trial in key Execs home

Pascal | Early Functional Models

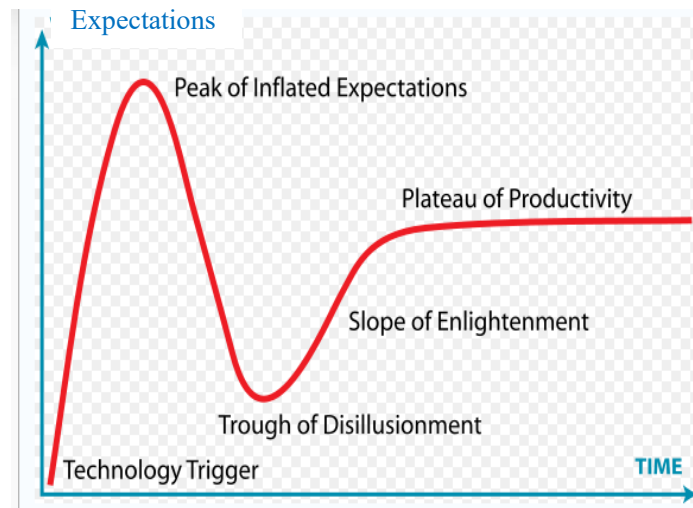
You can kill an [idea](#), you can't kill an opportunity!





- Consumers are familiar with and can readily grasp the usefulness of “Hands-Free” activation
- Consumers best understand the value of “Tap” through interaction

- Scheduled for launch in 3rd Q, 2005
- Nov 2004: New President
- Jan 2005: Consumer Electronics Show Exhibit
 - CES Next Gen Home of the Future
 - Major hit with consumers and media (national coverage & interest)
 - Left CES on a high! – Peak of inflated expectations
- Feb 2005: Project Hold
 - ID concerns
 - VP of Marketing directed hold for improvements
 - Trough of Disillusionment – “House Money”
- March 2005: Exec Staff Shakeup
 - VP Marketing replaced
 - New VP Marketing announced
 - President decision to show Pascal at KBIS – “Need something interesting”



Pascal Launch & Results

- April 2005: KBIS Show
 - Major success at Trade Show
 - HGTV filmed segments on product
 - Gave DFC Confidence to Launch
- April 2006: Launched at KBIS
 - Focal Point of Booth
 - Product Managers interested and engaged!
- Pascal Results:
 - Developed Core Capabilities in Electronics
 - Established consumer interest for this new category
 - PR up over 400% from 2005
- Corporate Experiment
 - Pilot launch for electronic faucets



Pascal Laid the Foundation for Touch20:

- Established commercial viability & new technology
- Identified areas of Improvement
- Significant IP protection

Touch20 Project Objectives: Begin Scaling

- Adaptable to multiple faucet styles
- Mass market price point
- Expand Distribution (including retail)
- Improve Installation robustness

Approach:

- De-feature Pascal
- Utilize next generation of capacitance sensing technology
- Create platform module
- Utilize PEX risers for improve installation



Innovation is Not for the Weak

Another Age of Uncertainty (2007 – 2008)

- Changes in leadership (New President & VP of Marketing)
 - Brand, Innovation & Service
- Retail Product? – POP challenges
- Advertising campaign?
- Feature set?
- Core technology challenges
- DST conversion

Objections

- It's too expensive
- It looks different
- It's too difficult to communicate in aisle
- We have too many other projects
- Electricity and water don't mix
- Are you trying to get me fired?



Results

- *Removed from Launch plans several times*
- *Survived several kill meetings*
- *The new VP of Marketing made decision to launch*

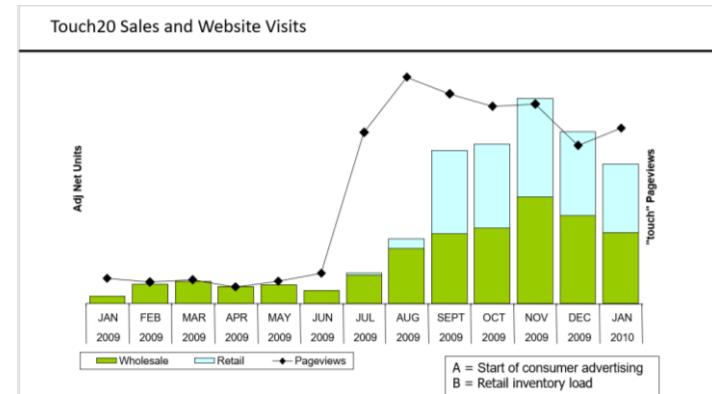
Touch20 Results

Launched | Nov 2008 (start of economic crisis)

- Modest projections
- Low margins
- Distribution in wholesale only
- Sales on forecast (even with economic conditions)
 - High Website interest

Advertising

- New Brand Director looking for new advertising campaign
- Touch20 tested extremely well
 - Developed TV ad
 - Decision to launch at Retail (Pricing debate)
- Advertising campaign launched in June 2009



Social Media Hit

Delta has a new touch on faucet. It's genius. The person who came up with it deserves a raise. Or perhaps extended paid vacation.

9:03 AM Aug 1st from TwitterFon



Gutswolf
Angela Wolf

43% increase in overall web site traffic
vs prior year

Google searches for Delta faucets up
26% (vs. October 2008)



I was just dumbfounded by a commercial for the new Delta touch faucet. Genius. And I've been watching too much HGTV.

12:49 PM Oct 17th from web



hungrycook
Ana Cruz

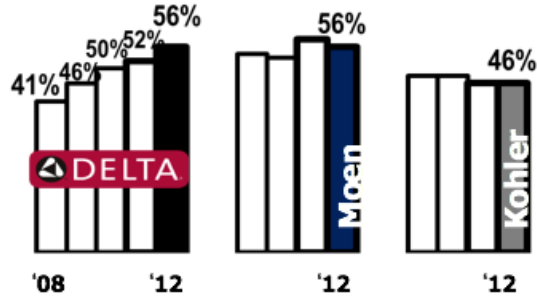
@ejly I just saw commercial for the Delta touch faucet WOW that is the coolest thing ever (Never thought I'd get so excited about a faucet)

6:24 PM Oct 10th from UbarTwitter

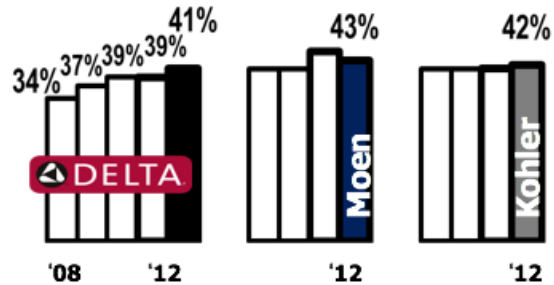


RealtorMichelle
Michelle Morris

Unaided Brand Awareness



Brand Equity



TOUCH₂O™
KITCHENS



TOUCH₂O™
LAVATORIES



SMARTTOUCH™



MAGNATITE®
DOCKING



H₂OKINETICS®



IN₂ITION®



DIAMOND®
SEAL
TECHNOLOGY



E-Z
ANCHOR™

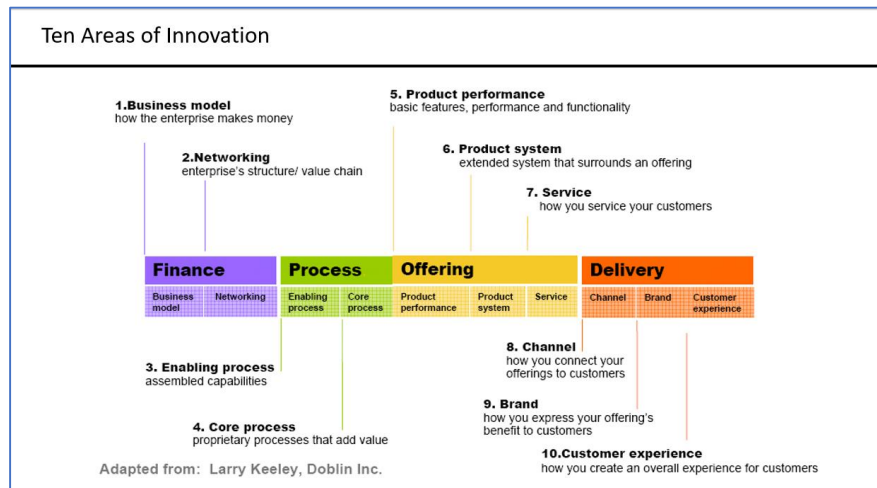


SMARTFIT™
TOILETS

Innovate in All Areas Crucial to Success

Focus on Success Keys:

- Product of course, but much more
- Innovate in all areas necessary for success:
 - Merchandising
 - Advertising
 - Consumer Experience
 - Training
 - Installation
 - Tech Support
 - Manufacturing
 - Supply Chain
 - etc.



Keys to Innovation Success

- Executive Support
 - ***Critical!***
 - Manage the risk
- Satisfy Unmet Needs
 - Ethnography
 - Connect emotionally with the consumer
- Collaborative, Multi-Functional Teams
 - Engineering, Marketing, Industrial Design, etc.
- 10 Areas of Innovation
- Portfolio Approach
- **It takes a Champion!**

- Innovation became *THE* initiative for several years
 - “I want a breakthrough product every year!”
 - Innovation demand for all product categories and Brands
- The Dark Side of Success
 - Key customers began demanding their own exclusive innovations
 - Outstripped capacity & drove quantity over quality in innovations
- New Management
 - Reinvent Innovation Group as an engine for Growth
 - Focus on Long Term View of the Future

“... you cannot stop at what you are good at. You have to ask what your customers need and want, and then, no matter how hard it is, you better get good at those things.” – Jeff Bezos



Thank you

Related Peer Networks:

Market Insights & Analytics Council

The Council's mission is to help leaders in the practice of market research, business intelligence and data analytics across industries and regions. The group provides a peer-to-peer benchmarking and problem-solving safe space to exchange.

Innovation Council

The European Council on Innovation (formerly the European Council on Research, Development & Innovation) is a network of leaders in the area of technical innovation.

Customer Experience Council

The Council's mission is to gain insights in customer experience across industries and regions by providing global peer-to-peer benchmarking and best practice-sharing.

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