



Press Information

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Philips jumps 20 places in Boston Consulting Group's innovation ranking

Jim Andrew on Philips ranking as one of the 50 most innovative companies in the world

In the 2014 Boston Consulting Group's annual ranking of the top 50 most innovative companies, Philips ranked as the 29th most innovative company in the world, a rise of 20 places from last year. Philips Spotlight team caught up with Jim Andrew, Chief Strategy and Innovation Officer to find out more.

Jim, this recent ranking for Philips by the Boston Consulting Group as one of the 50 most innovative companies in the world is a really great result. Why do you think we gained 20 places in this year's survey and came out at number 29 in the top 50 list?

First of all, it's a great honor to be promoted to such a high ranking in this list, particularly because it shows how our peers in innovation increasingly value us. 80% of the ranking is based on surveying over 1,500 senior executives across regions and industries, capturing their views on their own innovation plans, as well as their opinions in innovation of other companies. The other 20% is determined by looking at financial criteria - shareholder returns, revenue growth, and margin growth over the past three years. We have done well in those areas too, so the combination of an increasing innovation reputation among our peers and strong financial performance has led to making this impressive leap forward in our innovation ranking, which I'm truly proud of.

Furthermore, being in the news specifically around innovation is obviously helpful as well. For example, in September last year we hosted more than 100 top international media outlets at the Philips Innovation Event in Eindhoven. The event was a great opportunity to promote our brand showcasing the latest innovations. We've also been much clearer about our mission and vision with the repositioning of our brand around 'innovation and you', which we've communicated more consistently, with a larger online presence. So if you've seen anything on Philips, it's a company you know stands for people-focused innovation, and it shows we're about improving people's lives through meaningful innovation.



The BCG report highlights that companies in rapidly developing economies are particularly aggressive pursuers of innovation. Is this true for Philips and how is its ability to innovate benefiting from Philips' involvement in growth markets?

We're absolutely aggressively pursuing innovation, no question. Innovation is at the heart of everything we do, and it has underpinned our company since its foundation in 1891. We are a people-focused, market-driven innovation company with great teams of creative and highly skilled people. We have a continual dialogue with consumers across the world, learning what is important in their lives, what obstacles they face, what their needs are. We have deep insights and understanding of local culture, which are key drivers to make sure our innovations are truly meaningful for people in the context in which they live, anywhere in the world - we truly foster market-driven innovation. And our significant (and growing) presence in growth markets ensures we are exposed to the demanding customers and aggressive competitors in those markets - which keeps us on our toes and makes us even better.

The BCG report also focuses on 'what separates breakthrough innovators from the rest'. Could you please share your view on these? And how Philips is making sure we stand out from the crowd?

The BCG report shows that breakthrough innovators have all the innovation "basics" in place, and then do more. Becoming great at innovation will only happen if we at Philips are leading and transforming innovation, together.

But we have to stay on top of our game, pushing the boundaries and focusing on where innovation and people meet. That is the challenge - and the opportunity. At Philips, we have deep innovation and technological capabilities in a lot of areas and this really helps us to stand out from the crowd.

The BCG report also concludes that successful innovators make sure that innovation is reflected in their cultures. How are we making sure that innovation is embedded in the culture at Philips?

At Philips, we have a whole program to improve our ability to innovate and generate a payback on those activities. A lot of that is about execution, about bringing new innovations to market quickly and making sure that market introductions and launches are flawless and successful. We need to settle on what works and scale that across the company in a consistent, sustainable, and standardized way.

We have to think more aggressively about innovation, use technology, data and algorithms to increase the efficacy of our products, partner with third parties to bring products to market faster, and scale them rapidly. And each one of Philips employee needs to realize how important innovation is to our customer's success - and Philips'. Without innovation we are dead as a company.

How do you think we will sustain and improve our ranking in 2015?

First of all, our financial performance is a key part of this, so it's really important that we deliver in 2015. Additionally, we need to inject a renewed sense of urgency, agility and collaboration into our corporate culture. We need to decide and act faster, removing the barriers to implementation and scaling-up. We need to bring innovations to market quickly and ensure every customer knows about our products and that we communicate and connect with them. We need to perform with speed and with excellence. And we need to pull in the same direction. That's how we can become even more successful next year. That's why our customers will demand from Philips more than they demand from our competitors because, at its core, our promise of 'meaningful innovation' must signify that the customer wants it from us.

What do you see as our key challenge to sustain the Philips' ranking and grow our leading position further in the future?

I think our key challenge is doing what we say we're going to do; delivering on our commitments and promises - most of all to our customers. We know what we need to do, to get better at innovation. That is not the problem at Philips. The challenge is doing it, doing it fast, and doing it with excellence.