Accolade® Helps Parker Create a Sustainable Competitive Advantage

About the Company

With annual sales exceeding $13 billion, Parker Hannifin Corporation is the world's leading diversified manufacturer of motion and control systems. Its products are used in commercial, mobile, industrial, and aerospace applications that range from regulating airflow and reducing moisture build-up in commercial-grade refrigeration systems to powering giant wind turbines used to generate electricity.

The Business Challenge

Parker's enterprise-wide Win Strategy calls for a 10 percent increase in revenue each year through organic growth and acquisition. The company believed that the quickest way to meet its revenue growth objectives would be to bring together its 125 divisions around a shared product innovation focus. However, since each division had its own process for managing product development, it was difficult to promote cross-organizational collaboration.

Organizational silos were also contributing to a large number of duplicate projects across the company's developmental pipeline. A further challenge stemmed from the fact that line and product extensions were receiving a disproportionate share of the available R&D resources.

The Solution

According to Craig Maxwell, Parker's corporate vice president of technology and innovation, "When I looked around the company, it was clear that our innovation efforts lacked the disciplined rigor of order and metrics common to the rest of our operations. We needed products that would differentiate us at a higher level than ever before. I was certain that by combining all the Parker Hannifin knowledge across all our different domains, we could start creating products that didn't exist anywhere else in the world."

The Win Strategy had been in force five years when Parker launched "Winovation", the company's name for its Stage-Gate® product development process. Each division uses Winovation to develop new-to-the-world or new-to-the-market products that will help the company meet its organic growth requirements. To make Winovation more effective, however, Parker also needed to deploy a software solution that would automate and encourage wide-spread adoption of the Winovation methodology and make it easier to use.

After reviewing several automating applications, Parker chose Sopheon's Accolade as its innovation process and product portfolio management solution. Accolade was selected because of its unique alignment with Stage-Gate, embedded best-practice content, and "smart" technology, such as pre-populated templates that would allow project teams to reuse ideas and designs for new products across all of Parker's divisions.

The Results

In order to garner maximum benefit from the new process implementation, Parker elected to pursue a rollout of Stage-Gate and Accolade to the company's R&D centers worldwide. However, it wanted to first validate Accolade's design for scalability. Parker examined the software's architecture and worked with an independent laboratory to conduct rigorous stress testing. The conclusion was that the application was consistent and predictable, even when used simultaneously by more than 1,000 users.

With the scalability question decisively put to rest, Parker launched a deployment scenario that would eventually provide Accolade access to over 6,000 users in 287 locations enterprise-wide. Sopheon's professional client services team worked with Parker's IT staff to oversee installation of the software within two of the company's business units. It then provided the Parker team with the training needed to implement Accolade within the remaining 123 divisions without further assistance. Taking over the deployment effort, Parker took advantage of Accolade's ease-of configurability to adapt the implementation to the requirements of each operating unit, successfully and economically completing the global rollout.

With Accolade in place, Parker is able to access real time views of its entire product portfolio. Parker's executive and engineering teams can more easily evaluate the commercial value of new product ideas and align resources to support those projects with the greatest potential value to customers.

Maxwell underscores this point. "For the first time, Parker Hannifin could see itself. Now we have a standardized process by which we can evaluate projects and align them to our strategic growth objectives. Once Sopheon's software was implemented, approximately 50 percent of existing projects were killed at the first gate review due to an absence of differentiated value. Accolade has helped Parker create more winning products, and do so faster than in the past."

In summary, Accolade is helping Parker to:

• Better identify product winners earlier in the development cycle by giving executives a means to weigh current development projects against the company's long-term growth objectives;

• Accelerate product development cycles by providing team members with a common platform for performing their daily work and the ability to make needed resource adjustments;

• Generate greater revenues and profits from the company's investments in product innovation.

Maxwell concludes, "Through the Winovation initiative and our use of Accolade, we're able to measure our ability to grow – top-line growth and bottom line profitability. For the past three years, Parker Hannifin has achieved organic growth well beyond its projections, while the value of its product portfolio has increased by more than 500%. We are confident that with Accolade, Parker will continue to yield even more high-value products for our customers, long into the future. We view the software as being critical to helping create sustainable competitive advantage for our company."