

## Insights on Innovation from a Novartis Leader

Keith Lerner has been around innovators most of his life. He has developed an eye for innovation and understands the rigorous decision-tree process that marketers can use to determine when to move ahead with innovation efforts.

BY JENNIFER HAUG

» Innovation and perseverance – perhaps even line extensions – may be in Keith Lerner’s blood. His father’s first cousin, George Lerner, invented the renowned Mr. Potato Head toy back in the late 1950s (now marketed by Hasbro), which became tremendously popular among children despite early sentiment that it would never succeed.

Hearing stories from his childhood, Lerner, a senior vice president of global business development and licensing for Novartis Consumer Health, discovered that innovation often begins by observing consumers’ needs and behaviors. Indeed, Potato Head was created after George Lerner watched how his kids played with potatoes at the dinner table by sticking toothpicks and other objects into them to make arms, legs and faces. Keith Lerner also learned about the challenges his relative faced in trying to bring his innovation to market, and how a combination of “incredible passion and perseverance” led to George Lerner’s ultimate success. First as a toy and then as a cultural icon, Mr. Potato Head evolved – adding Mrs. Potato Head along with other vegetable characters to the line, to other children’s games and clothing lines featuring the Potato head likeness, to featured spots both in the movie *Toy Story*, and in a recent Super Bowl commercial.

“Innovating is not easy and it takes a specific personality, mindset and attitude to persevere,” Lerner told *OTC Perspectives* magazine in a recent interview at Novartis Consumer Health’s offices in Parsippany, N.J. Reflecting on his packaged goods industry career spanning nearly 28 years, he added, “often it is easier for people to find reasons why not to invest money and often scarce resources in new ideas than to come up with reasons why company stakeholders should invest. The challenge to the innovator is overcoming any doubts standing in the way of getting the support needed to get the product or idea implemented.”

At Novartis Consumer Health, Lerner and his team foster innovation by helping create the pipeline for Novartis’ OTC division through licensing activities, acquisitions and through alliances with other companies. Past successes have enabled Lerner to develop more – and future – successes in the marketplace.

He notes that there are many ways to be innovative and innovations can be on any scale – such as relatively smaller innovations like a new flavor or packaging change (what a past boss of his referred to as innovation with a little “i”), to clinically substantiated and/or patented new product claims (Innovation with a big “I”), or even launching industry game changing products (INNOVATION in all caps). With bigger innova-



Keith Lerner, a SVP at Novartis Consumer Health

tions there often higher hurdles, however, the bigger an innovation is, the longer it could take to get to market and the bigger the risks. In the end, taking a bigger risk can result in a much bigger financial payout for the company.

### CREATING LISTERINE POCKETPAKS

Lerner knows all too well the challenges that marketers face in trying to launch an innovation. He has been involved with many successful marketing innovations during his career, but is probably best known for his efforts at Warner-Lambert (later integrated with Pfizer Consumer Healthcare) in the creation of Listerine PocketPaks. Affectionately known as the ‘the Founding Father of PocketPaks technology,’ Lerner first found the technology which

was originally conceived in Japan and then played a key role in convincing people to develop and launch the technology as a novel breath freshener.

The story behind the Listerine PocketPaks actually began in the Adams division of Warner-Lambert (now part of Cadbury Adams). As the worldwide director of new products at Adams, Lerner was trying to find a new way to significantly grow the Certs and Clorets franchises. He discovered a Japanese thin quick-dissolving strip product – originally intended to give consumers a way to have a strong flavor in their mouth when they were craving a cigarette for social situations where smoking was not permitted. When he first saw the technology, Lerner had a vision of how this quick dissolving strip product could be transformed into an entirely different use as a breath freshener and eventually as a new instant dissolving drug delivery platform.

After Lerner secured a contract with the Japanese company for the technology and while he was in the late stages of researching the product for Certs and Clorets, the Listerine brand team identified a similar consumer need for an innovation in portable breath-freshening – for times when you couldn't rinse with bottled Listerine to kill the germs that cause bad breath. The Pfizer management team wisely decided that the business case for the quick-dissolving film would be maximized by combing it

with Listerine's germ killing ingredients and brand equity rather than under the Certs or Clorets brands. "The Listerine business case trumped the Certs/Clorets business case," Lerner explained. He then worked collaboratively with the Listerine Team to transition the project so it could eventually be launched.

Besides his own passion and determination to prevail, Lerner gives partial credit for getting the thin film technology to market to a past manager of his at Warner-Lambert who provided him with the support and encouragement to move forward with the project. This not only opened the door to achieve a commercial success, but also taught him to never dismiss other people's ideas too quickly. "Each idea deserves a fair day in court," he said. "It's often too easy to dismiss really different ideas out

of hand just because they are new and haven't been done before or because people might think developing the new product is too costly or time consuming.

You have to look at the value that might be created if you are successful and balance the probability and magnitude of both the risks and the rewards."

Listerine PocketPaks were a huge success among consumers – achieving well over \$100 million in sales in its first year on the market. It also created the commercial basis for other applications of the film-form technology, including Novartis' Ther-

aflu and Neocitran thin strips, Triaminic thin strips for children and Gas-X thin strips.

## SELLING IDEAS INTERNALLY

Being able to convince your company and consumers to jump on the bandwagon of a new idea is a crucial step in developing and marketing new products. "Championing why an innovation is a good strategic and fiscally sound move for a company to undertake is absolutely critical," Lerner stated. In a corporate setting, a product's eventual success can rest on how well the idea has been communicated internally and how well it is "sold" to key company stakeholders. Many projects are simultaneously fighting for funding and resources, so getting buy-in and support from others in the company is essential to getting funds allocated to develop any given new idea.

"You've got to be a great influencer to persuade people that your innovation idea merits receiving company resources and financial support so that your idea can see the light of day in the commercial marketplace," Lerner said.

After convincing corporate stakeholders for funding, consumers are next in line to be persuaded to buy a new product. Especially in this recessionary economy, consumers can be very concerned with getting a good value for the products they buy. "Value can be measured both in terms of what a product costs and in terms of new desirable features and benefits that are not yet available from products currently on the market and therefore worth spending money for. If a product or claim does not result in a new feature or benefit, you have to ask yourself if it is truly innovative and worth spending time



developing.” Lerner said, “A key question therefore is, if consumers are faced with a buying decision, why should they buy the new brand versus what they are already using? It’s all about taking market share away from competing products and/or attracting new users into the market through the new product.”

While developing and launching Sesame Street Vitamins at Johnson & Johnson in the late 1980’s, Lerner and his team created value for consumers by offering customized age-dependent doses; one product line for toddlers and another for children aged four and older. They shaped the vitamins like kid’s favorite Sesame Street characters which had great appeal even among older kids, which got moms to buy the product and got kids to take them. Character shapes of course are not a new idea for Vitamins. What was new was the customized dosing and the stronger appeal that came from Sesame Street’s very strong equity among mom’s and kids compared to other vitamin characters available at the time. Lerner (a former global business director for Halls Cough Drops at Warner-Lambert) also described how the U.S. group for Halls came up with the innovative idea of placing bowls of the cough drops in concert halls “because the last place you want to be coughing is during a performance.” This also allowed potential new consumers to sample Halls products in a very relevant location.

Lerner noted that while having a clear vision and articulating why an innovative idea should be commercialized is important, “testing products thoroughly can help marketers better understand a product’s success potential along with how to manage any unforeseen risks. All

new products have inherent risks, but many of the risks can be mitigated through gaining insights and making contingency plans. These should be evaluated through research and ‘what if’ scenario planning,” he explained. “You shouldn’t put things into the market that haven’t been evaluated by the end buyer. If an idea got good marks from consumers in a well designed research study, then the product should have a better chance of succeeding since you’ve done the right evaluation upfront.”

## LEVERAGING ACROSS SECTORS

Lerner calls himself a “big believer in technology transfer across industries or across loosely related business segments as one great way to fuel innovation.” In the early 1990’s he recalls a successful experience with a product he launched called Ocean Spray Fruit Waves, which were hard candies made from real Ocean Spray fruit juice concentrates.

The candies tasted just like the parent beverage. “We would not have generated the sales we did if consumers didn’t like Ocean Spray flavor profile and couldn’t link the taste to a beverage they already bought regularly.”

In the end, due to the many types of innovative ideas that management teams face each year, Lerner noted that each company should determine which innovation it feels is appropriate to develop and launch, based on what strategic gaps exist across the company’s portfolio of existing products and innovation pipeline, the competitive set against which the innovation will compete, the time and cost to develop and commercialize the idea, and how sustainable and profitable the idea can be over the long term. No matter what the final decisions, the road to commercializing an innovation will certainly be an exciting journey. <<

## KEITH LERNER’S 5 KEY ELEMENTS FOR TIPPING THE ODDS TOWARD SUCCESSFUL COMMERCIAL INNOVATION

- 1 Relative advantage:** The concept has to have a relative advantage over other products already so that it can take market share away from those products.
- 2 Compatibility:** There is a higher chance of success if the concept is somehow consistent with consumers existing usage habits, social values and past experiences. If it is more familiar to people, they will be more willing to try it and use it.
- 3 Low complexity:** The product proposition has to be easy for consumers to understand and easy for them to understand how to use.
- 4 Trialability:** The degree to which an innovation can be tried by consumers (experimented with), so the consumer can see if they want to keep buying it. Having trial sizes and creating occasions for product trial which resonate for consumers provides opportunities for sampling to get people to adopt and then continue to buy the innovation.
- 5 Visible, observable results:** The more people can actually see that they’re getting a benefit or perceive that they are getting a benefit, the more successful the innovation will be.