For years, HomeStar was the most inventive company in the appliance business. Now, upstarts are stealing its thunder, and its top engineer doesn't seem to care.

The Sputtering R&D Machine

by Martha Craumer

As Hal Marden watched his morning muffin spin slowly in the lunchroom microwave, he marveled at how this small appliance had forever changed the way people cook and eat. "The perfect invention," he mused to himself. "Small, fast, convenient, and energy-efficient. We thought microwaves would do away with conventional ovens. But instead, they became a whole new category of kitchen appliance."

After 25 years with HomeStar, Hal was still fascinated by the appliance business – and by the innovations that fueled it. As CEO for the last 12 years, he'd steadfastly maintained the company's commitment to research and development, vowing to uphold HomeStar's reputation for being "the first, the best, the only" name in appliances.

That's why the latest turn of events was so distressing.

Hal grabbed his coffee and muffin, retreated to his office, and closed the door, relieved that his assistant wasn't in yet. Then he reread the newspaper article. "Gaga for Retro," the headline proclaimed. "Vanguard, already the fastest-growing appliance maker in the country, has another major hit with its new retro line of refrigerators, ranges, and dishwashers. Rounded lines, chrome detailing, and colors like turquoise, yellow, and red give the appliances the look and feel of classic automobiles. And consumers seemingly can't get enough of them. 'We've got an emotional hit on our hands that cuts across demographic lines,' said a Vanguard spokesperson. 'People are having a love affair with these appliances. At the same time, we're showing old-schoolers like HomeStar that the industry can move beyond a needs-based market and appeal to consumers who follow trends and seek luxury.'"

Hal folded the paper and shook his head. As much as it pained him to see his company called "old school," he had to admit that HomeStar had stumbled lately. "We should've seen this coming," he thought. "For the last three years the auto industry has been looking back in time for inspiration. The PT Cruiser, the Mini Cooper, the VW Bug – all the biggest hits are riding a wave of nostalgia. How did we miss it? We're losing our edge."

HBR's cases, which are fictional, present common managerial dilemmas and offer concrete solutions from experts.

This wasn't the first time HomeStar had been beaten to the punch. Just six months earlier, Vanguard had pulled off another coup: Its line of "Clean 'n' Eat" refrigerators had been the runaway hit of the Homebuilders trade show. Featuring a separate compartment for triple-washing and draining fruits and vegetables, the new line touted the importance of fresh produce and healthy eating and the dangers of lingering pesticides. The refrigerators flew off showroom floors.

Delicate Cycle

An urgent knock interrupted Hal's thoughts. "Come in," he answered wearily. Kelly Dowd, the company's head of marketing, stomped into his office. "Did you read about Vanguard?" she asked. "They've done it again – and insulted us in the process. How are they getting these products out so fast?"

"Well, they're not exactly technological breakthroughs," Hal smiled wryly. "But Vanguard does seem to have a finger on the pulse of the consumer. They're doing what we should be doing. It seems we've dropped the ball."

"That's because we're focusing on the wrong things. Charlie should pull his head out of the research lab and knock on the kitchen doors of a few real people for a change. He's obsessed with 'smart' appliances and this 'networked home' concept. But you know what? Except for a handful of technogeeks, consumers aren't particularly interested. Most people we talk to couldn't care less."

Hal flinched. Charlie Hamad was one of his heroes. A brilliant and visionary engineer, he'd headed HomeStar's R&D unit for 27 years. Enormously respected outside the company and beloved within it, he had spearheaded almost every major technological advance in the industry; he was a key reason for HomeStar's past success.

"Look, Kelly," said Hal, "market research is your area. So if there's a disconnect between what your group thinks the market wants and what R&D is actually producing, then we need to work on fixing that. Remember, Charlie's had a huge hand in making this company what it is."

Kelly shook her head. "You mean making this company what it *was.* The market's changing, Hal. The rate of product innovation is skyrocketing. Global competition is growing – those guys would love to eat us for lunch. And consumer tastes are changing. People want more choices. Some folks get a new car every two years. Why shouldn't they upgrade their appliances, too? We've got to get more new stuff out there, and fast."

Kelly was right. The market was changing dramatically. For years, innovation in the industry had focused on incremental gains – making appliances that were a little faster, a little quieter, or a little more efficient. As the products themselves became virtually interchangeable, the dominant players began competing on price, eroding profit margins. But in the last 18 months, a wave of innovation had washed over the industry. Appliance makers had begun recombining existing technologies to create entirely new products and designing them in appealing ways. Suddenly, the appliance industry was more like the consumer electronics industry; its rallying cry had become "to get customers to buy new products, create new products."

Now, more than ever, churning out new products was critical to HomeStar's success. But unfortunately, Charlie hadn't changed with the times. He pooh-poohed the new, flashy products – despite their higher profit margins, the fact that they encouraged consumers to upgrade more often, and their popularity with builders seeking the latest thing for their model homes. And that put HomeStar in the unenviable position of having to play catch-up.

"The next Homebuilders show is six months away," said Kelly. "If we don't roll out something new – something that gets people excited – we might as well kiss our reputation for innovation good-bye. We can't afford to lose our edge. Unless we want to go the way of the icebox."

Just then J.J. Knight, HomeStar's PR manager, poked her head into Hal's office. "Hey Hal, the 'What's New' section of *HomeView* magazine is on the line. Do we have anything for them this month?"

"Ouch! Sore subject, J.J. Tell them we do, but we can't talk about it right now – for competitive reasons."

Combustion Hazard

Charlie Hamad's office was a mess. A whiteboard covered with scribbles, flowcharts, and yellow Post-its spread across one wall. Stacks of magazines and files filled every inch of space.

"Never trust a man with a tidy desk," he was fond of saying. "A tidy desk is the sign of an untidy mind." With a PhD in mechanical engineering and a passion for technology, Charlie oversaw HomeStar's global research, design, and product development groups. A wall filled with design and engineering awards attested to his record of accomplishment. Eccentric but brilliant, Charlie was a magnet for smart, dedicated scientists, designers, technologists, and engineers, and he inspired intense loyalty among his people.

Hal removed a pile of magazines from a chair and sat down. "Did you read about Vanguard's new retro line?" he asked.

Charlie snorted derisively. "Form over function. Nothing new there but a fancy paint job and higher prices."

"Consumers are jumping for joy."

"Wait till they see our networked appliances. Listen carefully, Hal." Charlie paused for effect. "The networked home is the future. These products will transform the way we live. They'll cook, clean, and shop for you – even do your household chores – using Internet technology. Imagine being able to automatically restock the fridge when you're out of food or download recipes right to your oven!"

"That's the future, Charlie. We need something now." Hal rubbed his eyes and sighed. "Look, we've got a problem. We're losing our position as industry leader. We haven't come up with anything new in months."

Charlie reminded Hal of the company's recent line of energy-saving washers, dryers, and dishwashers, inspired by the European market. Five years ago, Charlie had set up an R&D unit overseas to monitor market trends. It was – and continued to be – an expensive venture, but Charlie felt it was money well spent. He surmised that the fragmented and highly competitive nature of the overseas markets would drive innovations that hadn't yet hit the U.S. market – innovations that would shape the appliance industry's future. One of the first things he'd noticed was the growing popularity of energy-saving appliances in Europe, so he'd set about developing HomeStar's own line, despite opposition within the company.

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"They're superb products, Charlie. From a technology standpoint, they're the best ones out there. And the margins are great – we can charge three times more for them. But ours were still in development when the first ones hit the U.S. market. Besides losing the early sales, we hurt our reputation for being 'the first.' What can we do to speed things up?"

"If you'll recall," Charlie said, "the folks in marketing were convinced that American consumers weren't interested in water- and energy-saving appliances, that they'd never pay the premium. Kelly kept pointing to the popularity of gas-guzzling SUVs as 'proof' that Americans weren't serious about conservation. I got the distinct message from you and from others that our energy-saving line wasn't a priority. Remember what got the big push instead? Jumbo appliances."

Hal winced and nodded. Someone in marketing had noticed the boom in "McMansions," those huge houses that people were building, often after tearing down more modest homes. That and the fact that every new house and major renovation project seemed to have at its heart a "great room" – a big, open space that combined the kitchen and living areas – had convinced a persistent and vocal group within the company that bigger is better in consumers' minds. But the jumbo appliances had bombed – the first major failure in HomeStar's history.

Charlie smiled smugly. "I don't need to remind you what a disaster that was. Meanwhile, our energy-saving appliances were a hit, and now you're asking me why it took so long. You need to trust my instincts, Hal."

"Your instincts are legendary, Charlie. That's not the issue. We've got the biggest trade show of the year in six months and nothing new to offer. Meanwhile, Vanguard is making new product announcements every quarter. The industry as a whole is moving toward fast-cycle innovation. If we can't keep up, we're sunk."

"Product extensions and paint jobs aren't innovations. The fact is, an elegant, technology-driven solution has its own time frame; it can't be rushed. And I've got my own reputation to consider. I don't develop crap. Never have, never will."

"Nobody wants you to develop 'crap.' But we need to make sure that we're developing products that consumers want. Frankly, I'm worried that you're devoting too many resources to networked appliances. What if the market doesn't bite? I don't want to put all our eggs in one basket. I'd like to see you and your people work more closely with marketing. I think you could learn a lot from each other – recent missteps notwithstanding. Maybe you need more face time with them, Charlie." Hal looked at his watch. "Look, I've got a luncheon to get to. Let's talk some more when you get back from Europe next week."

Limited Warranty

Hal sank wearily into the back seat of a taxi, grateful for some time to think. It was increasingly clear that whatever had made HomeStar an industry leader in the past was no longer working. The market had changed, seemingly overnight. It felt as if everyone in the industry was playing by new rules – ones that HomeStar didn't have. Even worse, Charlie didn't seem to want them. Maybe it was time for new blood. But Charlie was a legend, an institution. Making any major change would feel like a betrayal.

Hal didn't usually have time for the Executive Roundtable luncheons, but he didn't want to miss this one. The featured speaker was Caroline Broderick, an old business school chum, and the subject was timely: "Is loyalty a liability? Managing in times of change."

Traffic was unusually light, and the taxi pulled in front of the City Club well before the opening reception. With time on his hands – a rare occurrence – Hal decided to indulge in some impromptu market research. Approaching the maître d', he introduced himself and asked for a tour of the kitchen. Hal loved nothing more than talking to consumers of all stripes and observing how they cooked, cleaned, and interacted with their appliances. As he toured the kitchen, noting the oversized range that two sous-chefs were cooking on, Hal had a brainstorm. Pulling out a small notebook, he jotted down a note to himself: "Repackage and reposition jumbo appliances for institutional use?" Then he joined the reception in the dining room.

Hal sought out Caroline after her talk. "Good to see you!" he said warmly. "I enjoyed your presentation. But unfortunately, it hit a little too close to home." He briefly explained HomeStar's recent challenges.

Caroline nodded sympathetically. "It's tough when markets change and your people don't. Sounds like Charlie needs to develop some business savvy. Just keeping up on the latest technologies isn't enough anymore. You need more sizzle, less steak."

"It's hard to find someone who can do it all," said Hal. "But enough about business. How are your children?"

Caroline laughed. "My 'children' are 19 and 21 now. And I'm about to rejoin the workforce full time. Consulting and writing were great when the kids were younger and I wanted more flexibility, but I'm ready for something new." She hesitated, then continued. "I don't know how serious you are about making changes at HomeStar, Hal, but do you remember Peter Fortuna from B-school?"

"Of course! The man we thought would be a permanent student!" Hal said with a laugh. After getting a degree in computer science, an MBA, and a PhD in engineering, Peter had helped launch a very successful company that offered contract R&D services to a wide range of industries.

"Peter's company was just bought," said Caroline, "and I know he's looking for a new opportunity. Just something to think about."

The traffic on the way back to the office was slow and congested, like the tangle of thoughts in Hal's head. In his mind, there were two critical issues. The first was urgent and short term: How to come up with at least one hot new product for the trade show in six months when there was nothing in the pipeline. The second issue – and the most difficult challenge of his career – was how to fix R&D. "Is this just a funding and organizational problem that could be solved by a brainstorming session?" Hal wondered. "Or is it time for Charlie to move on?" Peter Fortuna's change of status offered a promising alternative. Maybe Charlie could be appointed chief technology officer and move away from running the whole show. "On the other hand, maybe I should drastically cut back the R&D group and outsource a larger piece of the pie," he mused. "Or maybe I'm simply being too impatient. Perhaps, as Charlie says, true innovation can't be rushed. If he's right about networked appliances and we get there first, we'll own a huge market."

It was time for some tough decisions.

How can HomeStar revitalize its R&D efforts?
Four commentators offer expert advice.

"While HomeStar's R&D department has been busy honing the next whiz-bang technology of networked appliances, there's been a sea change in consumer expectations."

In a period of market transition, HomeStar has become the Cadillac of home appliances: prestigious and well built but lagging behind the times. Although the most urgent question facing CEO Hal Marden is about products, the underlying challenges are clearly about processes and people.

HomeStar's current business model is more technology-centered than customer-centered. The company's solid engineering worked well in an era when it had a distinct quality advantage and was selling the improved utility of its products. But while HomeStar's R&D department has been busy honing the next whiz-bang technology of networked appliances, there's been a sea change in consumer expectations. Quality is now assumed, which undermines the company's ability to maintain leadership on that basis. As consumers move up Maslow's hierarchy of needs, they are looking beyond mere utility; they want products that match their lifestyles and allow for self-expression.

Just as Schwinn misjudged the shift to mountain bikes and Swiss watchmakers overlooked the value of quartz movements, HomeStar in general and Charlie Hamad in particular have been slow to realize that competitors and customers are redefining industry rules. As Kelly Dowd suggested, Charlie and his team need to get away from their desks and watch real people in real-life settings using the products of HomeStar and its competitors. Doing that will probably reveal all kinds of surprises, including some latent user needs.

For example, are all those retro fridges actually going into kitchens? Or does Vanguard have the best-selling *second* refrigerator in the industry, providing extra capacity for cold drinks in the basement or garage? If that's the case, HomeStar could beat Vanguard by offering products that are not only styled for those locations but also optimized for use as overflow space. Or HomeStar might create the twenty-first-century version of microwave ovens: small satellite products that don't replace existing appliances, just supplement them in convenient ways. The company's approach to innovation needs to be refreshed with a deeper understanding of customer needs and new insights into usage patterns.

As for the people problem, Kelly and Charlie display the classic split between marketing and R&D viewpoints. HomeStar won't be able to move forward on the innovation front until it narrows that divide. Given Charlie's stature in the company and his hero status with the CEO, phasing him out isn't a viable alternative, but Hal must find a way to change Charlie's attitude. His position that "I've got my own reputation to consider" suggests that Charlie himself is a barrier to innovation.

Since Charlie and Kelly are at an impasse, they need a stimulus to get them moving in the same direction. If they conducted field research with a cultural anthropologist, they'd gain insights into their customers – and learn from each other in the process. Working with a third party would also give Charlie and Kelly a chance to be on the same side of the table.

I'd also recommend that Hal retain Peter Fortuna or someone like him as a consultant to create rough prototypes for the upcoming trade show. HomeStar needs an infusion of fresh thinking, and a project like that might be just the thing to get the creative juices flowing again. Charlie's R&D team could still evaluate the prototypes and estimate production costs, but all feasible prototypes should be brought to the trade show and kept in a back room for key customers to evaluate. That way, HomeStar would get tangible customer feedback before fully committing resources to a product's development, and customers would feel that HomeStar values their feedback. It stands to reason that at least one prototype should be a networked appliance. HomeStar appears to be betting the company on networked products, but what it really needs is a portfolio of short- and long-term innovations.

With a continual flow of customer insights driving product innovation, HomeStar will be less likely to create today's equivalent of the pen-based computer craze: a fascinating technology in search of a customer need.

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HomeStar's issues go far beyond R&D's relationship with marketing, and they're deeper than deciding if Charlie is the right man for the job. HomeStar must rethink its whole approach to innovation. At Whirlpool, five basic tenets guide our efforts in this area – tenets that might serve HomeStar well.

The first tenet is to focus on the consumer. HomeStar is in the consumer products business, but it has taken its eye off the customer, allowing Vanguard to seize the advantage. HomeStar needs to spend more time assessing consumer needs, engaging consumers to experiment with possible solutions, and testing marketing concepts to assess their appeal. Most innovations fail for one of three reasons: They are not relevant to the consumer, they are difficult to distribute, or their value message is unclear. This first tenet is the most important, because innovation begins with the consumer.

The second tenet is to invite innovation from everywhere. Whirlpool's CEO views every employee as a consumer, so he has made innovation the responsibility of everyone in the organization. Every functional area – from finance to HR – has a performance goal tied to innovation. That has led not just to product innovations and brand extensions but also to innovations in how we communicate with consumers, how we sell to them, and how we provide service after the sale. HomeStar's CEO, by contrast, has a very traditional view of product development. Hal believes that innovation is owned by R&D. That mind-set keeps him from tapping into a rich source of ideas – his own people at all levels of the organization.

"Hal believes that innovation is owned by R&D. That mind-set keeps him from tapping into a rich source of ideas – his own people at all levels of the organization."

The third tenet is to take a portfolio view of product innovation. The innovation pipeline is critical to a company's future. Hal's dilemma – coming up with one hot new product when the pipeline is empty – is the entire management team's fault, not just Charlie's. HomeStar should waste no time in creating a portfolio of opportunities – some short term, some long term, some incremental, some disruptive. Once the portfolio is created, HomeStar's management team must ask: "Can we maintain our 'first, best, only' position given our current plans?" Balance is critical. Portfolios with an excessive focus on technology risk losing touch with the marketplace and falling into the "build it and they will come" mind-set. But portfolios heavily weighted with incremental product improvements that simply respond to market pull are no better. This me-too approach jeopardizes HomeStar's leadership position. The company, therefore, needs to carefully manage its portfolio of product innovations.

Speed is the fourth tenet. Traditionally, product development has three basic steps: scope and size, approve and fund, and execute. But companies that take that approach risk fully funding a project before they know if it's truly viable. That's why, at Whirlpool, we conduct a series of customer experiments before committing our full resources to a project. These experiments help us learn quickly and cheaply what works and what doesn't, and they help push decision making much further downstream. Initial concepts get refined before major investments are made, and we get to market more quickly with products that better meet consumer needs. HomeStar could achieve much faster time to market by adopting a similar approach, but it would require a major cultural shift.

The fifth tenet is to manage intellectual property. Given HomeStar's commitment to R&D, it has an opportunity to create a sustainable competitive advantage by developing an intellectual property strategy. In the networked home appliances area, for example, HomeStar is probably in a position to develop a broad array of patents that could be used either as a barrier to entry or – even better – as a way to attract competitors into an emerging market while extracting additional value. As the appliance industry becomes more innovative and the pace of change accelerates, the creation, protection, and licensing of intellectual property will become even more critical to HomeStar's success.

By following these tenets, HomeStar can reestablish its leadership position, generate significant customer loyalty, and create value for its shareholders.

HomeStar's success is based on product innovation; its future hinges on its ability to convert ideas into invoices. Its challenges today are more ones of execution than invention. The friendly advice that HomeStar needs "more sizzle, less steak" is only half right; it needs more of both.

Consider the company from a technology perspective. HomeStar has an accomplished R&D group led by a brilliant, experienced, and visionary director. The group attracts smart and dedicated scientists, designers, and engineers. Its corporate culture promotes creativity and loyalty. Its history of innovation secures HomeStar's leadership standing in the marketplace. And now the group is well positioned at the forefront of smart appliances, an emerging technology that promises to transform the whole industry. HomeStar's long-term advantage over global competitors clearly depends upon its continued R&D strength.

But while its future may rely upon innovation, its present market share does not. HomeStar has several immediate problems to deal with. Organizationally, the company must separate the process of continuous product improvement from the distinct R&D process of intermittent product innovation. Operationally dysfunctional, the sluggish product design effort at HomeStar threatens the company's survival as it competes against more agile competitors such as Vanguard. In the current business environment, HomeStar must become a much faster company.

To that end, HomeStar should move product design into its own division and make it responsible for working with marketing, sales, and manufacturing to anticipate, identify, and respond to emergent market trends. In addition, an independent design team must be empowered to move quickly so that it can deliver the "sizzle." That's what will keep HomeStar appearing in the monthly issues of *HomeView* magazine and help it remain a fresh presence at the Homebuilders shows.

Longer term, HomeStar's R&D team will be expected to provide the "steak." To prosper as a technology-based company, HomeStar must lead. Mercurial customer trends won't provide the farsighted guidance for transformational change; the vision of the engineers already at work in HomeStar's research laboratories will. Their passion for innovation will lead to the inventions that become the mother of future consumer necessity.

Finally, HomeStar must address some awkward personnel issues. Hal has not exhibited leadership yet, and he must – soon. Also a problem is Kelly, the head of marketing. Her misrepresentation of the research enterprise is administratively corrosive. It was her department that steered HomeStar into the disastrous jumbo appliances. It was also apparently marketing's misdirection that slowed HomeStar's development of the energy-efficient appliances, a "first and best" prospect missed despite the R&D team's early identification of the opportunity. And were the modest "retro" and "healthy eating" product configuration changes really supposed to come out of the corporate research labs?

"The friendly advice that HomeStar needs 'more sizzle, less steak' is only half right; it needs more of both."

Kelly is right about one thing: The industry demands much faster product cycle times. But she's wrong to blame Charlie for the company's recent missteps. In fact, Charlie seems to be the only person at HomeStar who's trying to anticipate trends, although the European R&D lab may be an inappropriate luxury for that purpose.

Yes, Charlie needs to appreciate the speed of modern business cycles, but he is essential to the company's long-term vitality. Reassigning him and bringing in Peter Fortuna to oversee R&D is unnecessary and could even be destructive. Peter might, however, be an excellent candidate to run a product design division because he holds the right balance of business and engineering credentials to serve as a bridge between the disparate marketing and technology cultures.

Through continued innovation, HomeStar has every opportunity to remain the leader in the appliance industry. And in the long run, the company is likely to discover that loyalty only becomes a liability when it is misplaced or lost.

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Poor Hal. The competitive tempo of the industry has picked up, and now HomeStar is on the defensive. Nimble competitors are making appliances that reflect greater insight into customer preferences, and what's more, they're getting those products to market quickly. One is reminded of Apple's use of form, color, and graphic design as competitive weapons in a gray PC world.

Hal has a range of problems that, sadly, affect myriad companies in all industries. First is the lack of a strategy. HomeStar faces a make-or-break trade show in just six months, and its pipeline is empty. It's shocking that the CEO has nothing to say to a leading industry publication. This is a sign of how far the company has fallen. Hal's second problem is HomeStar's lack of connection to its customers. The company was late to the green and clean trend, plunged into jumbo appliances (which bombed), missed the retro trend, and is now preparing a networked appliance plan that already has the odor of failure about it.

As an organization, HomeStar is dysfunctional. Hal has failed to harness the creative energy latent in the inevitable disagreements between marketing and R&D. He needs to find a way to integrate diverse viewpoints, either through a strategic-planning process or perhaps by fundamentally rethinking the company's approach to R&D. Sequential, linear processes must give way to networks of collaboration and communities of interest that form around projects.

Charlie is both an asset and a liability, with an emphasis on the latter. He's opinionated, he cares more about his reputation than the company's, and he's at the center of a cult of personality that is both his power base and a creative bottleneck. His infatuation with technology and his seat-of-the-pants approach are risk factors for the company.

Charlie does, however, have the right idea about the importance of a global perspective. But having an international R&D unit isn't the best approach. Instead, HomeStar might develop some form of global customer insight and environmental-sensing capabilities – whether in-house or outsourced – and set up centralized R&D and manufacturing capabilities in the most cost-effective parts of the world.

HomeStar also needs to think about how to manage a portfolio of customers and innovation initiatives. Certainly some consumers will respond to price. Others will respond to features, and still others to design elements. Service isn't mentioned in this case study, but it would seem to be key to cultivating customer loyalty. And what about creating an upgrade path for its customers? HomeStar needs to decide whether it's in the business of products or relationships.

As I see it, Hal has three major challenges. First, he must find a way to rally the troops, reinvigorate the strategy process, and chart a course of action. The good news is that there is turbulence in the marketplace and therefore an opportunity to reassert HomeStar's "first, best" ethos. The bad news is that "same old" just won't cut it. Hal must make quick, assured, tough decisions – not a great fit with his Hamlet-like indecisiveness.

Second, Hal needs to radically reframe the company's innovation processes. He must see himself as the manager of an innovation portfolio with a range of time frames, business models, and customers. He needs to get something into the pipeline that steals a march on his competitors. And he has to consider the company's long-term goals when contemplating a set of disruptive innovations.

"Hal must make quick, assured, tough decisions – not a great fit with his Hamlet-like indecisiveness."

Finally, he needs to take decisive action on the talent side. Only a blind person could fail to see the moss that has grown on Charlie during his 27-year tenure. Hal needs new people, including outsiders, as well as radically reframed processes to capture customer insights. Perhaps he should bump Charlie upstairs to Senior Fellow status, bring in Peter Fortuna as a contractor, and look to fresh talent for new product ideas. HomeStar needs more divergence on the idea front and more convergence on the implementation side.

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