



Dear Reader,

Are you familiar with the Penguin Principle? In his fable of the same name, author John Kotter clearly illustrates that change requires courage, and success depends on a clearly structured approach. Given that innovation is also a form of change, the Penguin Principle is relevant in highlighting factors for success in this respect too. The age of digitization demands courage to innovate, in order to best utilize the opportunities offered by new technologies and take a targeted approach to the digital transformation. We are currently experiencing what internet entrepreneur Marc Andreessen prophesied in his famous quote: "Software is eating the world". Digitization is changing all industries: So on one side we see automotive companies becoming IT companies thanks to autonomous driving, connectivity, and shared mobility; while on the other, the digital ecosystem of Alibaba – the world's largest commercial platform – is achieving unbelievable daily revenue.

In this environment, innovation is continuing to gain importance for management teams at the highest level. It is essential to set the course for future success, and there are three key questions to address in this respect: Why should we innovate; in which areas does the company see the greatest opportunities to leverage its competitiveness; and how can we innovate successfully? In many cases, it's useful to adapt proven innovation processes, since agile methods, Design Thinking or the concept of the Minimum Viable Product often lead to success more quickly and more effectively.

In this edition of Horváth Directions, we will provide an overview of modern innovation management as well as practical examples of successful innovation strategies. Oliver Blume, CEO of Porsche, explains how his company has utilized far-reaching innovation to respond to radical changes in the automotive industry, while Lufthansa, Bank Cler and Technische Werke Ludwigshafen offer insights into successful innovation in other industries. These companies confirm the Penguin Principle: courage to innovate and a stringent approach are safeguards to success. These and other stimulating articles are of course also available to view online at www.horvath-partners.com/magazine.

Happy reading!
Best regards,

A handwritten signature in white ink on a dark teal background. The signature is written in a cursive, flowing style and appears to read "M. Kieninger".

Dr. Michael Kieninger
CEO, Horváth AG