

**SME Development Fund (SDF)/  
Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)  
(Organisation Support Programme) (OSP)**

**Final Report on Approved Project**

**This report is for (please put "√" in either one box only):**

☒ SDF Final Report

☐ BUD Fund (OSP) Final Report

Project ref. no. : D15 001 011  
Project title : Strategic pathways to enhance product innovation  
capabilities of Hong Kong electrical appliances  
industry  
Period covered : From 16/12/15 to 15/10/17  
(dd/mm/yy) (dd/mm/yy)

## 1. Project Details

(Please mark with "\*" if any of the following project details is different from that in the project proposal appended to the project agreement.)

### Project Summary (in about 150 words)

With the advent of modern technologies, consumer expectations for the innovative easy-to-use appliances that can improve the quality of life have dramatically increased. To win in today's ever-changing market, product innovation has become crucial for appliances manufacturers to gain competitive advantages. With enormous demand for innovative smart appliances, it is essential for Hong Kong appliances SMEs to enhance their product innovation capability and capture the new smart appliances market.

Product innovation refers to the process of developing and releasing a new or intrinsically altered version of a product into a market. It can include anything from how the product is designed and manufactured (for example, materials used and assembly method). Hong Kong electrical appliances industry is a traditional industry. Most of the manufacturers are SMEs, they used to focus on OEM business, recent years, some of them started to expand ODM and OBM business. However, many of them are facing difficulties as the product lifecycle of products is getting shorter because of increased competition. With suitable product innovation strategies, SMEs can effectively differentiate their product in the market by developing brand new products or modifying existing products, by then increase their competitiveness.

This project will focus on the investigation of 4 innovative appliances companies and study their key success factors. Ultimately, product innovation strategies and techniques will be composed into a guidebook for HK home appliances SMEs to gain knowledge of developing innovative products. Also, a full-day symposium and four half-day product innovation workshops will also be organized to equip our appliances designers with latest technique in product innovation development.

### Project Objective(s) (in about 80 words)

- To study the critical success factors on production innovative through the investigation of 4 leading appliance manufacturers. The findings will be edited as a product innovation guidebook. It will be acted as a reference for SMEs to explore the ODM/OBM business in the emerging smart appliances market.
- To educate our manufacturers on the adoption of product innovation strategy as a business tool.
- To facilitate the SMEs to define long term sustainable product innovation strategy via real case studies and face to face sharing.

### Grantee/Collaborating Organisation/Implementation Agent

Grantee : Hong Kong Electrical Appliance Industries Association Limited

Collaborating Organisation(s) : Innovation and Design Management Association Limited  
Federation of Hong Kong Industries (Electrical and Optical Product Group)

Implementation Agent(s) : Hong Kong Productivity Council

### Key Personnel

	<u>Name</u>	<u>Company/Organisation</u>	<u>Tel No. &amp; Fax No.</u>
Project Co-ordinator :	Dr. William Cheung	Hong Kong Electrical Appliance Industries Association Limited	T 2788 6119 F 2788 5053
Deputy Project Co-ordinator :	Mr. Edmond Yau	Hong Kong Electrical Appliance Industries Association Limited	T 2788 6119 F 2788 5053

### Project Period

	<u>Commencement Date</u> (day/month/year)	<u>Completion Date</u> (day/month/year)	<u>Project Duration</u> (No. of months)
As stated in project agreement	16/12/2015	15/06/2017	18
Revised (if applicable)	16/12/2015	15/10/2017	22

## 2. Summary of Project Results

### Project Deliverables

(Please list out the project deliverables as stated in the project proposal appended to the project agreement and provide details related to the actual result achieved for each of them.)

	Project deliverable	Quantifiable target number (e.g. 100 participants)	Actual result achieved (e.g. 90 participants)	Reasons for not achieving the target, if applicable (e.g. The total number of registered participants was over 120. However, some of them did not show up eventually. Will strengthen promotion and try to make up for the shortfall in the following two seminars.)
a)	Case studies, edit and publish a product innovation guidebook for home appliances SMEs (E-version)	Case Studies x 4 (Germanpool, Philips, Midea and Phantom) Guidebook x 1	Invited German Pool, Philips, Midea and Phantom for case studies produced a product innovation guidebook	N/A
b)	A set of training material on product innovation	320 copies	Training material compiled and distributed to the participants on the 4 workshops	N/A
c)	Organize a full-day Symposium on Product Innovation Strategy	About 200 participants	208 participants	N/A
d)	Organize four product innovation workshops	80 participants each	4 Products innovation workshops were organized with numbers of participants of 80, 90, 120, 86	N/A
e)	Project webpages	1	Project webpages has been built and being updated throughout the project period	N/A

### Details of the deliverables (e.g. date, duration, venue, speaker, topic discussed, etc.)

(Please list out in table format if necessary.)



Case studies, edit and publish a product innovation guidebook for home appliances SMEs (E-version)

- Invited the four companies, German Pool, Philips, Midea and Phantom for case studies
- Product designs and drawings from the 4 sponsoring companies, Germanpool, Philips, Midea and Phantum have been collected and analysed for preparation of the interviews and case studies
- Interviewed with,
  - (1) Dr. Edward Chan, Managing Director, German Pool (Hong Kong) Limited
  - (2) Mr. Alan Luan, Director of Midea Kitchen Innovation Center
  - (3) Mr. Wu Tianji, CTO of Phantom
  - (4) Ms. Hanne Caspensen, Creative Director Trends, Design Department of Philips Design.
- The interviews and studied focused on the investigation of their product innovation process and their management system
- An electronic guidebook was composed and was posted on project webpage.
- [http://www.hkeaia.org/en/product\\_guidelines/](http://www.hkeaia.org/en/product_guidelines/)
- eDM were sent to member and local SMEs for the promotion of the eGuidebook.

A set of training material on product innovation

- A set of training material was compiled and distributed to the participants in the 4 workshops.
- The training material include the theory of Innovation Models and interactive element of the application and analysis of the Innovation Models to the four case study companies.

Organize a Full-day Symposium on Product Innovation Strategy

- A full day symposium for 『Innovation · Home Appliances』 was held on April 14, 2016.
- Local and overseas speakers were invited to present the following topics about product innovation,

Topic	Speaker
Innovation in corporate strategies and plans	Kong-Kat Wong, Co-founder and Vice President of Beijing Xiaomi Technology Co., Ltd, China
Open innovation into practice	Gerry Caron, Consultant of Consumer and Industrial Electronics, US
Sources of new ideas and concepts	Wu Tian Ji, Founder and Chief Technology Officer, Phantom Co., Ltd., Beijing
New technology acquisition in home appliances	Ulrich Grote, Executive Advisor of DSP Group and Deputy Chairman of the ULE Alliance, Germany
Culture and climate of innovation forum	Moderator : Herbert Lun, Honorary Treasurer, Hong Kong Electrical Appliance Industries Association Speakers: Dr Edward Chan, Managing Director, German Pool (Hong Kong) Limited Dr. Daniel Yip, Deputy Chairman, Federation of Hong Kong Industries & Managing Director, GEW International Corporation Limited Dr. Charles Chan, Chairman, Tunbow Group Dr. Michael Y. H. Li, President, Institute of Systematic Innovation

- There were, in total, 208 participants mainly from the management level of Hong Kong SMEs attended for the symposium. The average number of participant in each session was about 160.
- The video and program highlight of the symposium had been recorded and posted on HKEAIA website
- [http://www.hkeaia.org/en/product\\_symposium/](http://www.hkeaia.org/en/product_symposium/)

#### Organize 4 product innovation workshops

- 4 workshops were organized.
- Representatives of the 4 case study companies were invited as the speaker for the workshops.
- Dr Gabriel Y. L. Tong, Founder, TOTEX; also Founder, IDMA (Innovation and Design Management Association), the collaborating organization in this project was invited as the speakers for the 4 workshops to share the knowledge of innovation models, as well as provide interactive analysis with the representative of the 4 case study companies regarding the application of the innovation models by the companies.

Work shop	Date	Speakers and Topics	Number of participants
1	14/4/2017	1. Wise Living - Product Innovation Strategy by Dr Edward Chan, Managing Director, German Pool (Hong Kong) Limited 2. Innovation Knowledge Management - Theoretical Articulation (1) by Dr Gabriel Y. L. Tong, Founder, TOTEX; also Founder, IDMA (Innovation and Design Management Association) 3. Technology VS Innovation by Mr Yau Wing Fung Edmond, Executive Director, Koln 3D Technology (Medical) Limited	80
2	17/5/2017	1. Design Driven Innovation in Philips by Ms Hanne Caspersen, Creative Director Trend of Philips Design 2. Innovation Knowledge Management - Theoretical Articulation (2) by Dr Gabriel Y. L. Tong, Founder, TOTEX; also Founder, IDMA (Innovation and Design Management Association) 3. Product Innovation in Medical and Healthcare Devices – HK Experience by Ir Prof Andros Chan Ling Ming	90
3	3/7/2017	1. Hit Innovation Hit Future by Mr. Xiang Bo Long, Business Development of Phantom 2. Innovation Knowledge Management - Theoretical Articulation (3) by Dr Gabriel Y. L. Tong, Founder, TOTEX; also Founder, IDMA (Innovation and Design Management Association)	120
4	22/9/2017	1. Open Innovation in Midea – Exploration and Practice by Mr Liu Xiao Wen, Director of Innovation Product, Midea Hroup Corporate Research Center 2. Innovation Knowledge Management - Theoretical Articulation (4) by Dr Gabriel Y. L. Tong, Founder, TOTEX; also Founder, IDMA 3. The trend of IoT in small electrical appliance by Dr. Daniel Yip, Vice Chairman of Federation of Hong Kong Industries and Managing Director of G.E.W. International Corporation Limited	86

- Report of each workshops were posted on project webpage
- <http://www.hkeaia.org/en/workshop/>

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#### Construct project webpages

- Project webpages have been constructed and hosted under HKEAIA's official website
  - [http://www.hkeaia.org/project\\_introduction/](http://www.hkeaia.org/project_introduction/)
  - Promotion materials of project activities, post activity reports, and eGuidebook were posted on the webpages
  - The webpages were kept under HKEAIA website after the project period for SMEs to download the materials delivered in the project.
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## Milestones (in chronological order)

(# Please indicate if the milestone is completed (C), deferred (D) or not achieved (N). If it is deferred, please indicate the revised completion date. For those milestones which are deferred or not achieved, please also provide the reasons under item 2.4.)

<u>Milestone</u> (as set out in the approved project proposal appended to the project agreement)		<u>Original target completion date</u>	<u>Revised completion date</u> (if applicable)	<u>Status</u> (C/D/N) #
-	Form Project Steering Committee	15/01/2016	N.A.	C
-	Construct overall project plan, implementation strategy and detail project schedule			
-	Identify the innovative appliances companies for case studies and the potential speakers for the workshops and symposium.			
(a)				
-	Construct project webpages to promote the upcoming events	31/06/2016	N.A.	C
(b)				
-	Organize the full-day Symposium			
-	Conduct research on product innovation strategies applying in different industries and formulate the case studies template.	31/01/2017	N.A.	C
-	Interview the 4 selected appliances companies with field visits and face to face discussion.			
-	Analyze the information to identify their business approach and the critical success factors.			
-	Edit and compile the product innovation guidebook			
(c)				
-	Edit the training material for workshop	15/6/2017	15/10/2017	D
-	Organize 4 product innovation workshops			
-	Disseminate the project results to other SMEs			
(d)				

**Future Plan for Promoting the Project Deliverables (Nil if not applicable)**

- The deliverables in the project are kept posting on HKEAIA website for review and download
- Sharing of the deliverables with interesting institutes or industrial organizations through different events of HKEAIA