

Fiat: Open innovation in a downturn (1993-2003)

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Abstract:

This article focuses on the organization and innovation strategy for Centro Ricerche Fiat (CRF) during the 1990s, which resembled and anticipated most of the underpinnings of what would become known as the open innovation paradigm. The CRF case demonstrates how the strategic and organizational change undertaken by CRF allowed the R&D center and the Fiat Group as a whole to go through a major downturn without losing control over critical bodies of knowledge and without interrupting the development of very promising technologies. It exemplifies how open innovation can provide a strategic approach that enables a firm to protect its innovation capabilities from the risk of severe resource rationalizations during periods of crisis, and to confer a starting point to replicate them once the downturn is over.

It can be inferred from the case that open innovation can be a strategic approach to protect a firms' technology base from the risk of severe resource rationalizations during periods of crisis, and in conferring it technological and networking capabilities that are likely to become key determinants of its competitive advantage once the downturn is over. Therefore, open innovation has one of its roles as a bifocal strategy during tough times, which require tough leadership and anticipation, because it involves a number of significant changes in corporate organization, firms need to conduct several micro-training and adaptation for macro change, and managers have to master various new dimensions to redefine the way forward.