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The Seven Sins of New Product Development

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Companies don't set out to create new products that fail, but the roadside of American commerce is littered with such unintended flops as the Edsel, Apple Newton and New Coke. Those are sophisticated companies, staffed by smart people who do extensive consumer research; yet they still managed to produce monumental failures. Your company is sophisticated and smart, too. Does that mean your new product efforts will fail?

Odds are, yes. In fact, in the last five years, of the 110,000 new products introduced, only 20,000 of them are still around today. In the past 20 years we have watched company after company become seduced by the power of the dark side of new products.

And from this experience we've seen seven common mistakes that even the best companies make when developing new products; or as we lovingly call them, **the Seven Deadly Sins of New Product Development.**

1. Pride – Not knowing your brand and its limitations.

Successful new products, like successful brands, are both relevant in some urgent way to the consumer and meaningfully different from the competition. Like everything else you do, your new products are more likely to be successful when they're built on your brand promise. Sure, with enough money, Frito Lay could acquire the technology to manufacture and sell computer chips under the Lay's brand name. But Lay's core brand essence – flavor, crispness, and fun – doesn't translate well to the computer-chip business, the essence of which is speed, accuracy and reliability. Does that mean your company can never enter new markets? No, but you may have to adopt a different brand strategy. When Toyota wanted to crack the luxury-car market in the early '80s, they had to create a new brand, Lexus, because research revealed that people would not pay \$45,000 for a Toyota. The Toyota brand promise didn't stretch that far.

2. Envy – Copycat innovation.

We've all seen it. Your competitor beats you to the market with a cool new product. Your natural response is to get in on the action as quickly as possible. Coors Lite, Chevy Venture and Pampers Easy Ups were not first in their category; nor do they have a real competitive advantage. They just hope that they'll get a piece of the pie because they happen to be there. Sometimes you have to play "me too." But if you really want to take leadership in a category created by a competitor, don't just look at their success and try to copy it. Take your brand to the next level by finding a consumer insight that will change the rules of the game again. Bud Light did this by going beyond the functional benefits of light beer – "Tastes great. Less filling." – and gaining a deeper understanding of the emotional and social benefits light beer drinkers desire.

3. Anger – Blaming others for our stupid mistakes.

Not every new product idea is going to be commercially viable. Some may not attract a big enough market; some may not be technically feasible; and some may solve a problem nobody really has. The key is to learn to fail quickly and let go. Don't get mad at engineering because they don't have the technology to make your new plasma drive system. Don't blame the consumer because they don't see the benefit of vitamin fortified candy canes. Get over it and get on to what's next – the quicker the better. That means designing steps into your process to share ideas with consumers early and cheaply. There are many companies that use the Internet, consumer panels and other survey methods to help you do this. If you can't explain your new product and its benefits in 100 words and a couple of quick drawings, you probably don't have an idea.

4. Sloth – The line extension trap.

Line extensions seem to make so much sense. They're easy and the trade loves them. So how can line extensions not be the right thing to do? Okay, this is a trick question. In some cases, they are. In fact, many brands need line extensions to keep them fresh. But sooner or later every line will run out of places to which it can extend. Nobody wants asparagus sorbet (at least not enough to make it commercially viable). So if you want your brand to continue to grow, you have to find new platforms for growth. Don't just focus on line extensions to the exclusion of the next big idea that can transform your business and your category. By opening your mind to bigger possibilities, to the far reaches of where your brand might stretch, you might just find the next Oscar Mayer Lunchables, Sony Walkman or Apple Macintosh.

5. Greed – Biting off more than you can chew.

One of the biggest mistakes we've seen in developing new products happens when companies try to solve everyone's problem instead of one person's problem. It's really hard to create the perfect solution for 10 million people at once. You're better off focusing on a few people who epitomize your target. Get to know your customers, not in focus groups and large - scale surveys, but by going in to their homes and seeing how they live. Watch them in scientific ways. Listen to them with open ears and be prepared to learn from them. Be there to see the friction points in their lives and feel their pain. Then make their lives easier with a killer new product idea. By understanding their frustrations, you create opportunities for your brand to improve their lives. The idea for the Black & Decker Snakelight came from being there when one person was trying to hold a flashlight and perform a simple home repair at the same time.

6. Gluttony – Too many people feeding at the trough of new products.

New products are sexy, exciting and fun. In many companies, NPD is where the action is. That is why everyone wants to attach him or herself to the latest new venture, and that creates two potential problems. First, new products can draw an inordinate amount of attention and resources away from your core business. In the mid - Eighties, Apple spent a lot of time and money trying to compete head to head with IBM and Compaq for the business market. By doing so, they came dangerously close to losing the two markets that had fueled their success, graphic design and education. The second problem with big NPD teams is that they put too many cooks in the kitchen. There is an art to new product development and design that committees will kill. Committees water ideas down and lose sight of the

consumer. If you want to improve your success rate in new products, create small, cross-functional teams with a single champion, support of senior management, a clear charter, an incredibly lofty goal and access to resources.

7. Lust – Not knowing when to stop.

The best solutions are simple, elegant and often obvious. Once your customer has lived with it for a while, they wonder how they ever lived without it. Yet simple and obvious doesn't make us, as inventors of new products, feel special or gratified. And it may not insulate us from our competitors. So we have a tendency to push beyond the simple to the more complex, complicated and convoluted. And we convince ourselves that since no one else could have put so many functions and features into a product it must be superior. Until it hits the shelves and doesn't sell because it's over-engineered and costs way more than anyone is willing to pay. Avoid this trap by attaching the consumer insight or spark to the product as it goes through the development process. Then continually check back with consumers to make sure you haven't strayed from the original intent.

Redemption.

Fortunately, where there is sin, there is also the possibility of redemption. We have found that companies who understand their brands are most likely to avoid the Seven Deadly Sins. Here are some of the ways LSB's BrandNEXTSM division recommends approaching new product development:

- Put your brand at the center of your new product development process. What does your brand mean to consumers today? What else could you be doing for them that fits the same brand promise?

- Search for insights your competition doesn't yet have. Brands are built on deep insights into the consumer's social and emotional needs and attitudes, not just functional wants. The process of understanding those needs and generating new insights often inspires the next great product.

- Align everyone in the process with the brand – engineering, marketing, sales, distribution, customer service, etc. You will reduce needless warfare between departments and enrich your product development process by tapping into the creativity and insights of all kinds of people with diverse points of view.

- Look at new product development as a pipeline. You know some of your product ideas are going to fail. You know the competition is going to cook up something new. To overcome the fear of failure and stay ahead of your competition, you should have a series of new products at each stage of development so you always have something new to introduce to the market.

- Make sure the CEO understands that the goal is not just incremental sales next quarter, but an ongoing stream of products that secure share, revenue and profits for years to come.

If you follow LSB's recommendations, does that guarantee success? No. Even the best companies will have failures. But focusing on the brand and avoiding the Seven Deadly Sins will go a long way toward improving the odds of success.

The image shows a stylized logo consisting of the letters 'C' and 'W'. The 'C' is a light pink color and is positioned to the left of the 'W'. The 'W' is a light yellow color and is positioned to the right of the 'C'. The two letters are connected at their top right and bottom right corners, creating a continuous shape. The font is a serif typeface.