

Welcome to PDMA-India



Presenter

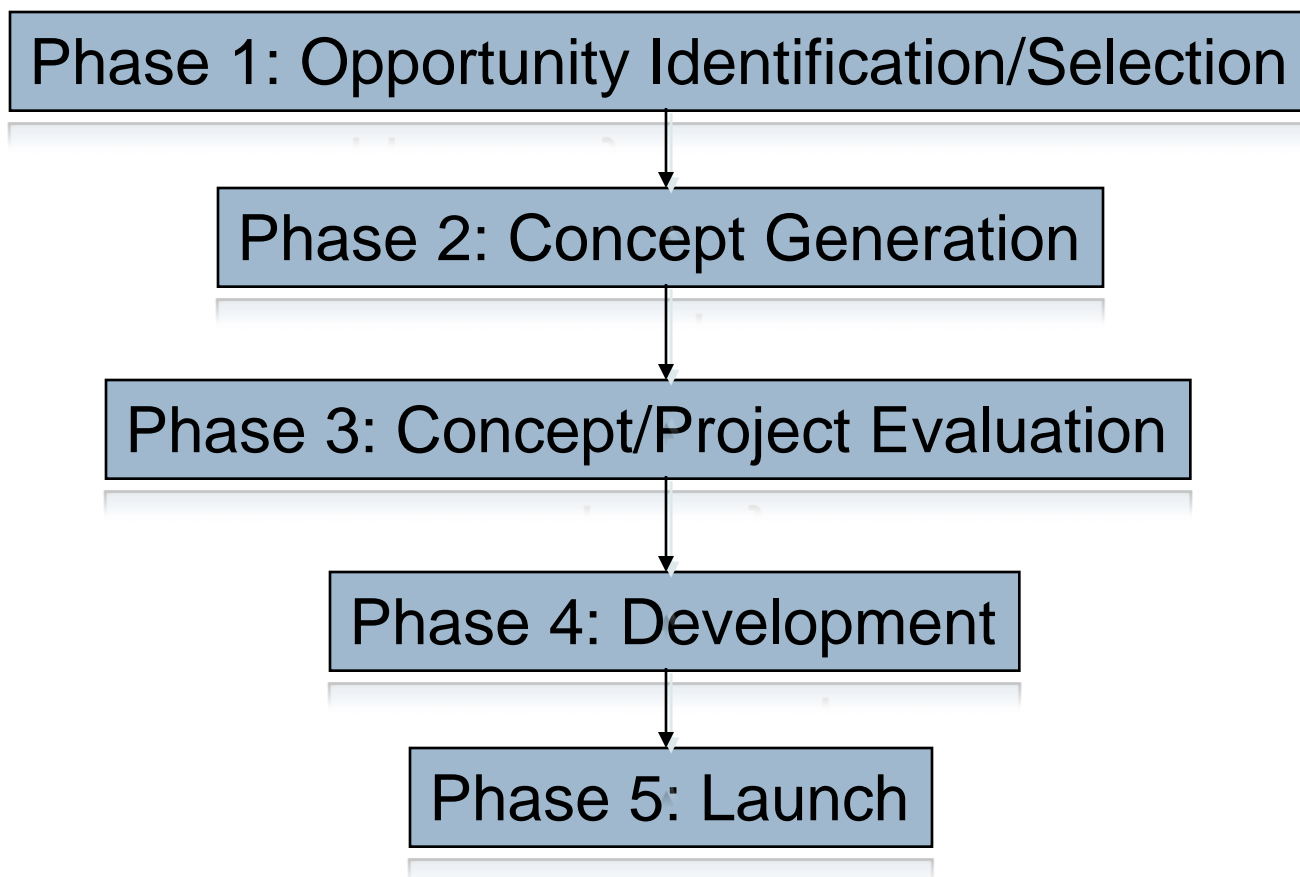
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The New Products Process

The Highlighter Saga

- ▶ P&G Cosmetics – 1989 (Cover Girl, Clarion, Max Factor (1991))
- ▶ P&G's Cosmetics SBU had engineered three strategic elements
- ▶ The Product Innovation Charter (PIC)
- ▶ The New Products Process
- ▶ The New Product Portfolio
- ▶ new product team management within the Cosmetics SBU was excellent. First and foremost, senior SBU management was committed to turning new product development around and to properly implementing the new products process.

The Basic New Products Process



Phase 1: Opportunity Identification/Selection

- ▶ **Activities that Feed Strategic Planning for New Products**
 - ▶ **Ongoing marketing planning** - e.g., need to meet new aggressive competitor
 - ▶ **Ongoing corporate planning** - e.g., Top management adopts a strategy that says either own a market (meaning get either a first- or second-place share) or get out of it.
 - ▶ **Special opportunity analysis** - e.g., a firm has been overlooking a skill in manufacturing process engineering

Sources of Identified Opportunities

- ▶ **An underutilized resource** (a manufacturing process, an operation, a strong franchise)
- ▶ **A new resource** (discovery of a new material with many potential uses)
- ▶ **An external mandate** (stagnant market combined with competitive threat)
- ▶ **An internal mandate** (new products used to close long-term sales gap, senior management desires)

Phase 2: Concept Generation

- ▶ Select a high potential/urgency opportunity, and begin customer involvement.
- ▶ Collect available new product concepts that fit the opportunity and generate new ones as well.

Phase 3: Concept/Project Evaluation

- ▶ Evaluate new product concepts (as they begin to come in) on technical, marketing, and financial criteria.
- ▶ Rank them and select the best two or three.
- ▶ Request project proposal authorization when have product definition, team, budget, skeleton of development plan, and final PIC.

Stages of Concept/Project Evaluation

- ▶ Screening (Pre-technical evaluation)
- ▶ Concept testing
- ▶ Full screen
- ▶ Project evaluation (begin preparing product protocol)

Note that the first stages of the new products process are sometimes called the **fuzzy front end** because the product concept is still fuzzy. By the end of the project, most of the fuzz should be removed.

Phase 4: Development (Technical Tasks)

- ▶ Specify the full development process, and its deliverables.
- ▶ Undertake to design prototypes, test and validate prototypes against protocol, design.
- ▶ Validate production process for the best prototype, slowly scale up production as necessary for product and market testing.

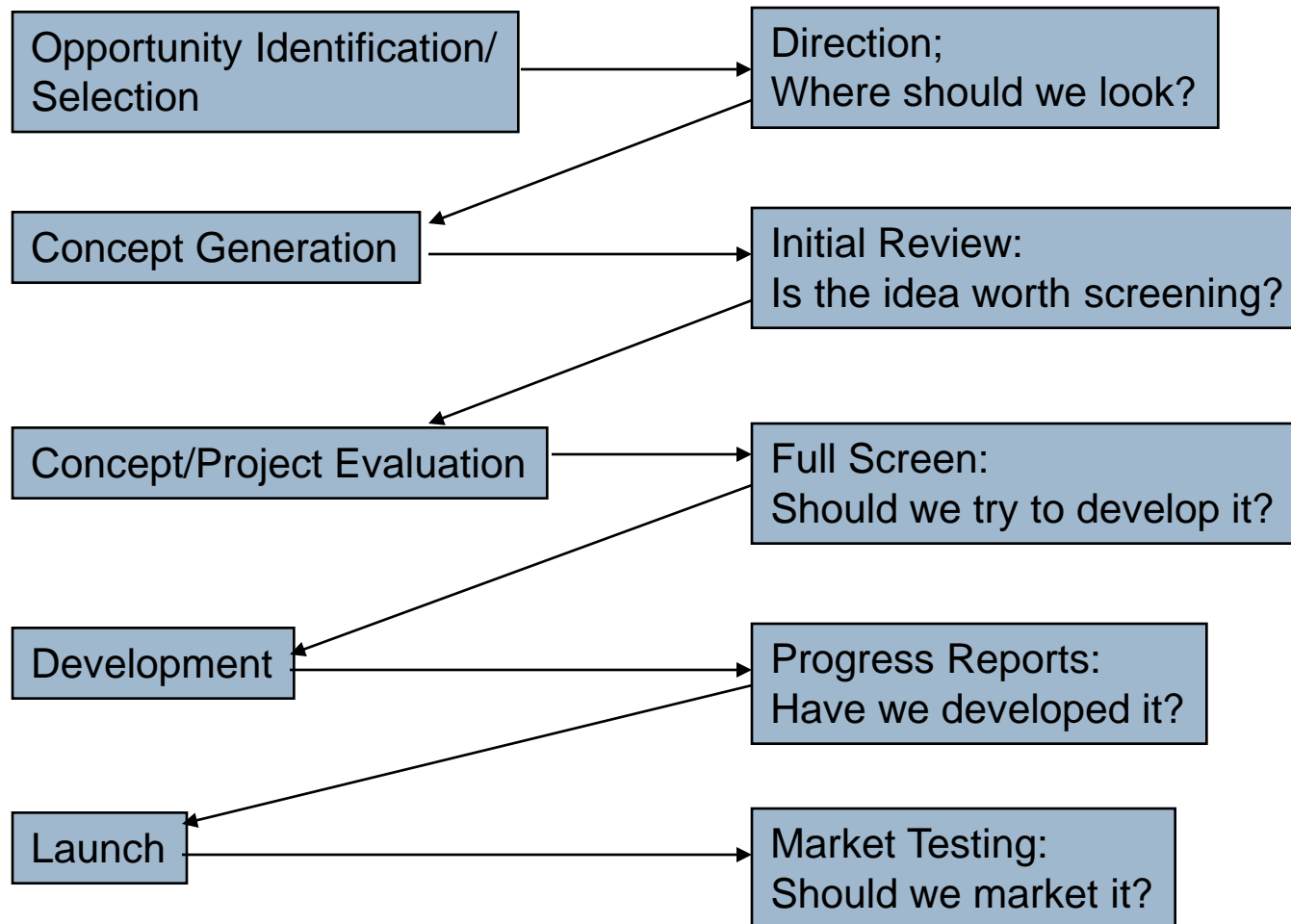
Phase 4: Development (Marketing Tasks)

- ▶ Prepare strategy, tactics, and launch details for marketing plan
- ▶ Prepare proposed business plan and get approval for it
- ▶ Stipulate product augmentation (service, packaging, branding, etc.) and prepare for it.

Phase 5: Launch

- ▶ Commercialize the plans and prototypes from development phase
- ▶ Begin distribution and sale of the new product (maybe on a limited basis)
- ▶ Manage the launch program to achieve the goals and objectives set in the PIC (as modified in the final business plan).

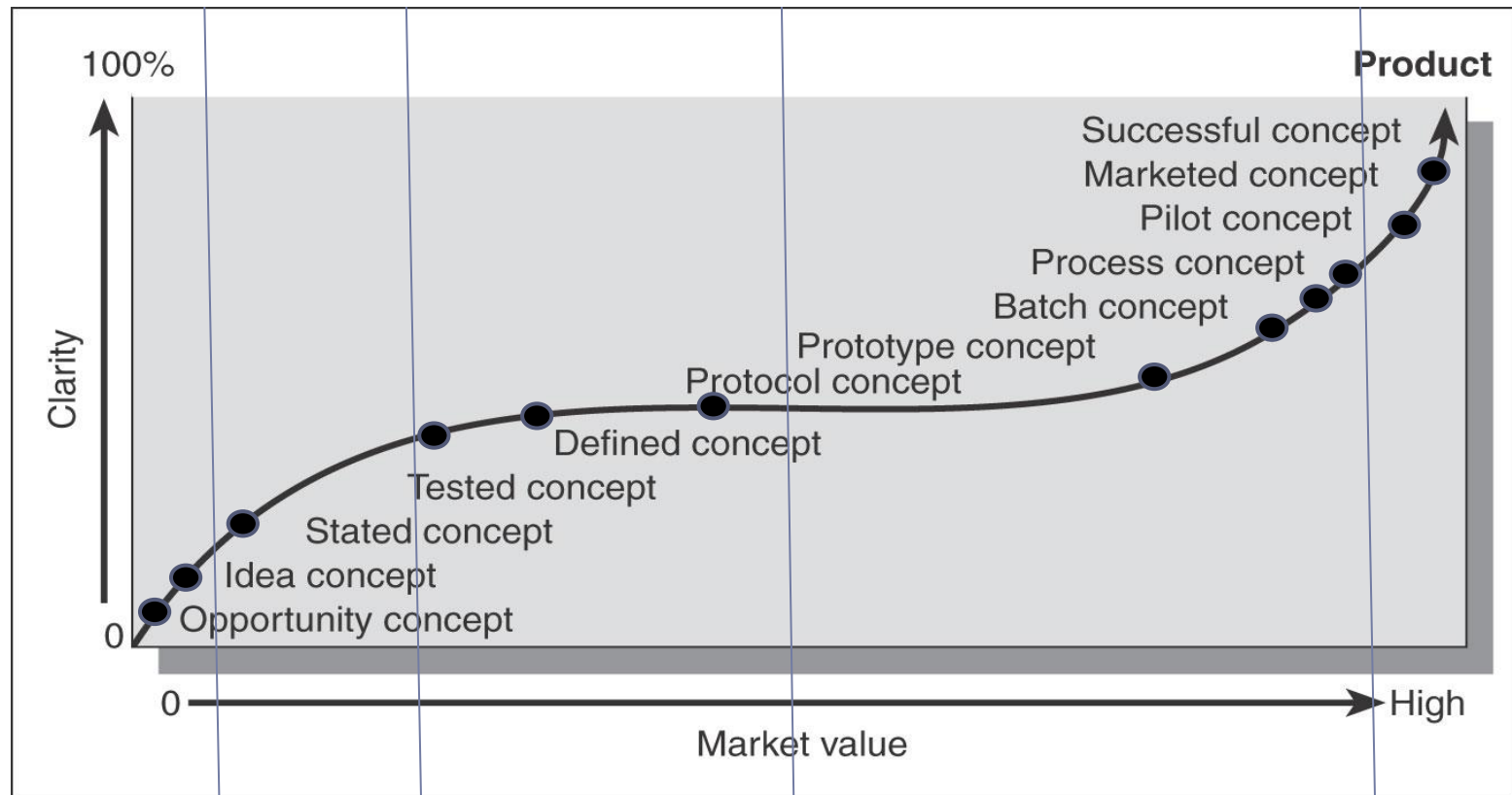
The Evaluation Tasks in the New Products Process



The Concept Life Cycle

Corresponding New Products Process Phases

Opp. Identification → Concept Generation → Project Evaluation → Development → Launch



Techniques for Speeding Time to Market

- ▶ Use dedicated cross-functional teams.
- ▶ Use small groups and other techniques to minimize bureaucracy.
- ▶ Empower a team, motivate it through incentives and rewards, and protect it.
- ▶ Destroy turf and territory.
- ▶ Make sure the supporting departments are ready when called on.
- ▶ Develop effective team leadership.
- ▶ Encourage organizational learning; transfer knowledge from one project to the next.

Techniques for Attaining Speed (continued)

Intensify Resource Commitments

- ▶ Integrate channel members and customers, use parallel or concurrent engineering

Design for Speed

- ▶ Computer-aided design, rapid prototyping, design-aided manufacturing, common components

Prepare for Rapid Manufacturing

- ▶ Simplified documentation and process planning, just-in-time delivery (flexible manufacturing)

Prepare for Rapid Marketing

- ▶ Use rollouts, invest in immediate market awareness, facilitate trial purchasing

Key Characteristics of Short-Cycle-Time Firms

- ▶ Extensive user involvement early in the new products process.
- ▶ Cross-functional teams are dedicated to the new product.
- ▶ Suppliers are extensively involved.
- ▶ The firms adopt effective design philosophies and practices.
- ▶ The most adept firms are effective at organizational learning.

Other Considerations in Cycle Time Acceleration

- ▶ Do the job right the first time.
- ▶ Seek lots of platinum BBs rather than one silver bullet
- ▶ Train everyone involved.
- ▶ Communicate.
- ▶ Be flexible.
- ▶ Make fast decisions.
- ▶ Cut things wisely

What about New Services?

- ▶ Successful new services tend to come from firms that use a systematic process much like the new products process – the tools all fit.
- ▶ Iterations may be more frequent since they are less expensive.
- ▶ Unique, superior service, providing value and benefit as perceived by the customer, must be delivered, to achieve success.
- ▶ Speed to market with services is important, especially in enhancing reputation, image, and customer loyalty.

What about New-to-the-World Products?

- ▶ The challenges are different, but the first phase remains the same: opportunity identification and development of a strategic statement.
- ▶ Clear connection required between the radical innovation and the firm's strategic vision.
- ▶ A firm may establish a transition management team to move the R&D innovation project to business operating status.
- ▶ The new products process is more explanatory: need to bring in Voice of the Customer (VOC) early.
- ▶ Lead users may be critical here

