

Love is Blind: Product Planning with Your Eyes Open by Susan Henken and Patricia Huff

You're sitting at your desk, and suddenly it hits you; a breathtakingly beautiful idea for a new product, that "one and only" offering to catapult your company into instant success. You know it will work. You know everyone will want to buy it. Even your family loves the idea. You invest a good deal of time and a substantial amount of money developing and introducing this product you love, but a year passes and not one unit sells.

What at first seemed like an exciting, profitable new concept has become an extremely expensive, disappointing undertaking for your company. How could this have happened?

Quite simply, you were blinded by love and you fell for the wrong product. More than a mere business decision the product became a powerful new passion for you or your company's product development team. The obsession for this new product was so strong that normally pragmatic business people ignored logic to pursue the glittering profits they felt it promised. It's not an unusual problem. Actually, it happens to 80 percent of new products and it's not exclusive to small businesses. Remember "new" Coke, McDonald's McLean burger and the DeLorean?

What can your business do to avoid the "love at first sight" new product mistake? Here's how to identify the proper, and profitable, product needed for your business expansion.

A Proper Product Planning Process

We have combined a number of existing new product development systems into the following practical process. We explain each step in the process below and follow each step with a critical assessment question. This system can help you design a new product offering for your company with less risk and more control.

In the process, make sure you create a cross-functional product development team that includes representatives from sales, engineering, operations, marketing, finance, executive, legal and other areas critical to new product success. Also, guard against anyone member of the team dominating the discussions or decision-making process. All team members must honestly critique and support the project, or the new product's chances of success are minimized.

Step 1: Search for a Concept

This is the fun part of product development! Generate concepts for new products from employee recommendations, an engineering or managerial "think tank," customer suggestions and brainstorming by the product development team.
Critical Question: None. Just be as creative as possible within the parameters of your chosen market.

Step 2: Select the Best Concept

Examine all the ideas generated in Step 1 and reduce the number of new concepts to a manageable size. Rank each new product idea by a set of criteria customized to your company's strategic objectives. Some examples of important criteria are:

- Production / Technology Capabilities. Competitive / Legal Environment
- Financing Issues
- Marketing Requirements

Critical Question: Is the product compatible with company resources and objectives?

If the answer is *no*, you must modify this idea or return to Step 1.

Step 3: Develop and Test the Product Idea

Turn the broad general product concepts into a specific product idea that will appeal to your target market. You must decide how this new product will benefit your customers. It is critical to obtain their direct input or reaction to the concept through market research such as surveys and focus groups.

Critical Question: Do your potential customers have positive reactions to your new product concept?

If not, you need to modify the product or return to Step 1. Be sure to objectively analyze your primary research to

confirm your answer to this question.

Step 4: Look at the Business Potential

Perform a complete financial analysis of your new product's potential. This analysis should be as detailed and realistic as possible. Product costs, profit margins, return on investment, cash flow issues and volume projections are financial considerations to closely examine.

Critical Question: Can we manufacture this product profitably with our company's current resources?

If the answer here is *no*, you must abandon the product and start over. Do not attempt to juggle the numbers to reflect positive financial impact when the impact is really negative. Remember, love is blind - trust your numbers.

Step 5: Make the Product

After answering *yes* to all critical questions in the previous steps, now, and only now, you can begin the prototype construction. This phase of your product development requires a complete commitment of the budgeted resources and the entire company's support in a variety of unexpected ways. This level of commitment could strain the nerves as well as the pocketbook, so be prepared.

Critical Question: Does the product work? Do we have the ability to manufacture and market this product profitably?

If *no* is the response to either question, you will need to prepare for added expenses as you hire outside assistance, modify the product or develop a more suitable offering.

Step 6: Test the Product

Roll up your sleeves and get going! Manufacture a small quantity of your new product and put it in a test market. Your company should use the same marketing, selling, pricing and distribution tactics it plans to use in larger markets. This is the time to check volume potential, marketing effectiveness and customer perceptions.

Critical Question: Do the test market results indicate satisfactory market potential and customer acceptance?

If you feel the results are unacceptable, abandon or redevelop the product.

Step 7: Commercialize the Product

If your answer to each of the critical questions has been a resounding YES, you are ready to roll your product into an introductory market. Go for it! Start selling!

Critical Question: Are sales results satisfactory?

A *no* answer here means that you may need to modify your commercialization program or abandon the project. If the product still appears to have potential, it may be time to refine marketing strategies. Objective external assistance may help you modify your marketing program.

Although the success rates for new products are low, using these steps may help your company increase the odds of success by identifying a new product with good profit potential before you invest significant company resources.

Critical question: How can you tell you are finally in love with the proper product? Count your profits, of course.