



New Product Development: Changing the Rules of the Game

K. Brian Dorval
Creative Problem Solving Group - Buffalo
&
Samantha Stead
International Masters Publishers, Inc.

Has anyone ever told you that you cannot improve on time, cost, and quality all at once? You can only have two out of three? When it comes to new product development, that's the usual wisdom. But today's competitive business environment demands that we change the rules of the game. So, if you're being asked to do more with less, with better quality, in a shorter time – this is a message for you.

The Creative Problem Solving Group – Buffalo (CPS-B) works with many global companies on designing and driving organizational change, developing products and services, and enhancing the leadership potential of their people. One such client is International Masters Publishers (IMP). The organization is structured around three global business units: Family Education, Cooking & Entertaining, and Home & Health. IMP operates in twenty-seven countries, and its product development is based in four – France, Germany, the UK, and USA.

This article describes an initiative to help significantly improve the product development process of the Family Education business unit.

What Went On in the Past?

IMP has always worked hard to develop and maintain a deliberate process for new product development, and to make improvements to that process over time. It has tried both locally based and centralized approaches. Early on, the company's top executives would travel from geography to geography making investment decisions in a purely local context. In recent years, decisions were made at global new ideas conferences that cut across product areas. In this scenario, product ideas were developed in local geographies, presented at the

global conferences, voted on by the participants, and the final decisions on which ideas to take forward were made after the conference by two top executives.

There had been clear benefits in the way the global new ideas conferences worked. They placed focus and priority on new concept development, creating great energy and productivity. They enabled all new product concepts developed around the world to be seen and evaluated in the same place at the same time. They allowed products to be tested in different geographies in the same testing season. They improved the overall quality of concept development and presentation within the global organization.

However, the process had also created some challenges. People focused their time so much on developing concepts and presentations that they couldn't concentrate enough on the fast and efficient development of the concepts to test and launch. There was also internal competition between the geographies for limited product development funding. The result was significant spending on the concept presentations rather than on the thorough development of the concepts themselves. Although participants at the presentations provided recommendations for what concepts should receive funding, the fact that the final decisions were made in isolation by the two top executives, led to a feeling of non-involvement in those decisions and a lack of understanding about why some of the decisions were made.

Let's take a look at how that approach played out in time, cost and quality terms. On average, IMP would spend close to a million dollars to get their new product ideas ready for a new ideas conference, the money mostly being spent on the creation of printed prototypes and the presentation itself. About 40% of the ideas would be given the go-ahead for development and testing. Through the testing process to determine which products would be perceived by customers as high enough in quality to launch, IMP typically achieved an idea-versus-launch success rate of 8.3%. And on average, to get from the new ideas conference to product launch would take two years.

IMP needed a new approach.

So What Was The Challenge?

In early 1999, it was decided that each business unit should work with its own new product development process. And, like the other business units, Family

Education was faced with a classic situation. For years, IMP had been an enormously successful organization, and it had rested on the laurels of its success. But now, the market place was changing. Competitors were developing new products and new ways to grab a share of the market. Customers were becoming much more savvy and demanding. Family Education needed to develop products that would bring their core business back to profitability in two years. They needed to produce products much more quickly than in the past, and at much less cost. At the same time, they wanted to develop products at a global level – products that would fit the needs of customers in different countries and cultures. And they also needed to maintain or improve the extremely high quality of their products, so the customers would buy them.

What Did We Do About It?

CPS-B worked closely with Family Education to build on the strengths of IMP's previous approaches to product development – while making some fundamental shifts. Through a series of international meetings and on-going development work in-between, we:

- Clarified, developed, and communicated global strategies for new product development
- Identified global opportunities, framed challenges and pathways to pursue (which proved to be a real key to success), and agreed globally on the ideas to develop at the outset
- Shifted from internal competition to global collaboration to take advantage of learning and synergies
- Created and facilitated cross-functional and cross-cultural project teams
- Involved a range of people in the decision-making process
- Used a common language, framework, and set of tools to work more quickly and efficiently

The new product development approach was designed to provide everyone in Family Education with a common understanding of the purpose, expectations, and required outcomes for each stage of the overall process. Importantly, we kept the process flexible enough to enable each of the global project teams to develop unique pathways for reaching their designated milestones. This meant that the global teams had the freedom to develop meaningful approaches to the

particular issues associated with their unique product ideas, and were able to respond to emergent needs as they arose.

What Impact did We Have?

The changes made in the product development process had significant impact on the Family Education business.

Remember how long it took in the past to take an idea from go-ahead decision to launch? Two years. Now, by building global consensus on ideas to develop, concentrating on understanding customer need from the outset, and working with cross-cultural and cross-functional teams – it took us less than half that time.

Remember also that the cost for moving from idea generation to launch-decision at the conference used to be close to a million dollars. With the new process, Family Education reduced that investment to one-seventh of the original cost. More importantly, by eliminating internal competition and costly presentations, the bulk of the money was invested in research.

At the time we wrote this article, Family Education was projecting that, of the concepts currently in test, we would see an increase in idea-versus-launch success rate from the 8.3% of the past to 22.2%.

All in all, then, we saw a reduction in development time of over 50%. A reduction in total cost for initial idea development of 854%. And, judged by the launch rate, an improvement in the quality of the products developed of 267%.

So, what did our new process do to the time, cost, and quality equation? These days, Family Education would tell you that three out of three is possible after all. Therefore, if your organization is asking you to do more with less, in a shorter time, and at higher levels of quality, don't despair. This is a story that demonstrates that you *can* change the rules of the game.

Footnote

The next volume of Communiqué will contain a follow-on story that provides a specific example of how we used one CPS tool to help create that significant impact in time, cost, and quality.

About the Authors

Brian Dorval is the Director of Programs for CPS-B. As part of his role, he manages CPS-B's client relationships, and the distributor network. Contact Brian for further information about CPS-B's work in product and service development, establishing the climate for creativity and change, and developing inclusive leadership.

Samantha Stead is the Editorial Director for Family Education, IMP Inc., Stamford, CT. She is a certified CPS Facilitator and is pursuing qualification as a CPS Trainer. Contact Samantha for further information or questions about this case study at stead_samantha@imp-usa.com. To find out more about IMP and its products, visit www.imponline.com.