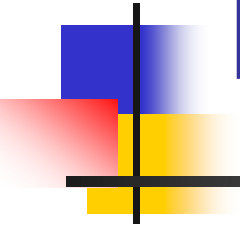




Banking on Canadian entrepreneurs

Strategic Product Development





What the Customer Described.



What got budgeted.



What the Engineer Designed.



How Manufacturing Installed it.



What Marketing Advertised.



What got documented.



What the Customer finally received.



What the customer was billed for.



What the customer actually wanted.



Moral

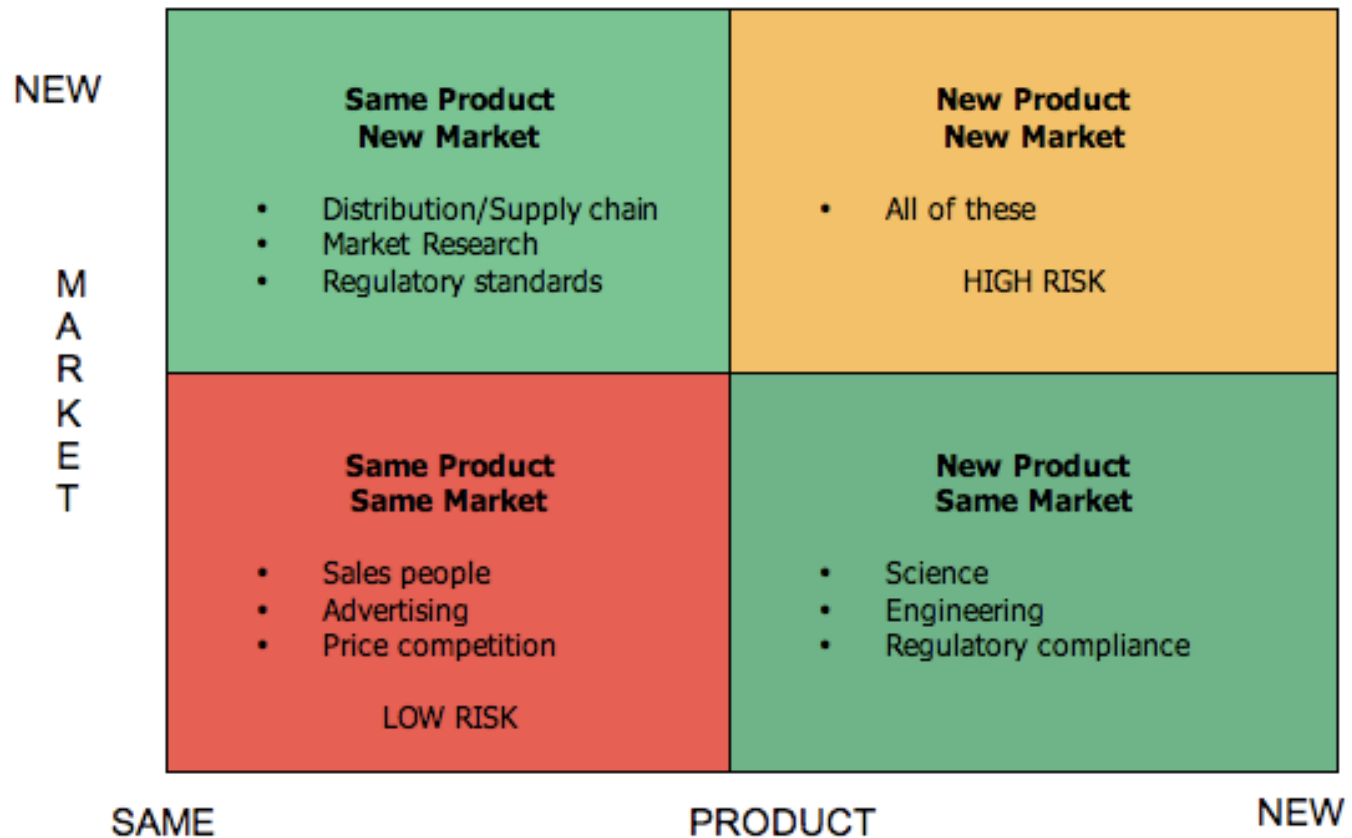
A thorough understanding of your customer's needs and wants, the competitive situation, and the nature of the market is an essential component of new product success.



Three Paths

1. Sell existing products into **new** markets
2. Sell **new** products into existing markets
3. Sell **new** products into **new** markets

Potential Investments





Three Keys to Success

1. Superior, differentiated products
2. Unique benefits
3. Superior value



Multidimensional

Requires:

- Careful scrutiny
- Skilled management

Optimizes:

- Financial resources
- Human resources
- Scientific & technical resources



Push vs. Pull Models

Push:

- Develop a product that combines market appeal with a competitive advantage
- “Pushed” to customers via sales

Pull:

- Develop a product for a specific customer that the customer is interested in buying
- “Pulled” to market by the customer



Do Your Homework First!

If you build it

DOES NOT MEAN

Somebody will want to buy it!



Staged Development Process

- “Idea to commercialization” roadmap
- Decision gates
- Cross-functional team
- Each stage gathers information needed to advance project
- Specific deliverables before proceeding



Staged Product Development

Stage One:

- Fundamental technical merits
- Market prospects
- Product definition
- Project definition
- Project justification
- Project plan

Deliverable:

- New market entry is clearly defined and the concept verified as outlining a “need” in the marketplace



Staged Product Development

Stage Two:

- Manufacturing plans
- Operations plans
- Marketing launch plans
- Product test plans
- Production process validated
- Customer acceptance validated
- Product economics validated

Deliverable:

- New product has a clear value proposition and has been user tested for commercialization



Staged Product Development

Stage Three:

- Detailed business plan developed based on verifiable market acceptance information (critical to acquiring financing)

Deliverable:

- New product is ready for full production and commercial launch



Product Planning Statement

Specifies:

- Target market
- Business goals
- Key assumptions
- Constraints



Product Planning Activities

Design:

- Consider product platform and architecture
- Assess new science and technologies

Marketing:

- Articulate market opportunity
- Define market segments

Manufacturing:

- Identify production constraints
- Set supply chain strategy

Other Functions:

- Research: Demonstrate available technologies
- Finance: Set out goals and constraints
- General Management: Identify and allocate resources



Who Are Your Customers?

Key questions:

- Who are the decision-makers?
- How can the value proposition meet the needs of decision-makers?
- Why will the customer use the product?
- What are the customer's needs and priorities during product life cycle?



Marketing Feasibility

Considerations:

- Product positioning
- Market segments
- New technologies
- Goals & constraints
- Financial targets
- Budget & time frame
- Competitive reaction
- Differentiators
- Product fit
- Unique selling proposition



Critical Success Factors

- Focus on customer and market needs
- Identify latent, hidden and explicit needs
- Fact base justifies product specifications
- No critical customer need is missed or forgotten
- Common understanding of customer needs among members of the development team



Identifying Needs

Five Step Process:

1. Gather raw data from customers
2. Interpret the raw data in terms of customer needs
3. Organize into primary, secondary and tertiary needs
4. Establish the relative importance of the needs
5. Reflect on the results and the process



Summary

- Understand your customers' needs and wants
- Understand the market
- Use a Staged Product Development process
- Optimize financial, human, scientific, technical and other resources
- **Do Your Homework First!**



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