

FAST, EFFICIENT INNOVATION PLANNING

Five Essential Elements to Quickly and Accurately Identify, Evaluate, and Define Market Leading Products

The Front End of Innovation Planning Challenge

It's Monday morning and you just met with your CEO. The product review held last Friday went OK, but the CEO was disappointed. She was looking for new, innovative product ideas that would resonate with customers and give her confidence that the plan would exceed objectives - both of these just weren't there. You have just weeks to fix these problems. ***What do you do now?***

Given the large demands placed on talented product leaders in both marketing and development to manage current product development and sales efforts, its no surprise they may struggle when asked to identify, evaluate and define ***new, high-potential*** products. This challenge is often equated to driving on the same road you are trying to repair.

With competing short and long term goals, the front end of innovation - ***the process of identifying and planning for new opportunities before development begins*** - often gets short-changed and can stretch into months of planning without *ever* attaining the desired results. However, it is the ability to execute these front end activities more efficiently and more accurately than competitors that drives long term product ***and*** career success.

By improving several key elements of innovation planning, companies with limited resources and time, ***can*** develop thorough innovative product plans ***faster***, and more ***accurately***, using the resources they have today. These improvements enable teams to deliver innovative plans in weeks instead of months, significantly reduce expenses and avoid costly product mistakes.

Five Essential Elements that Drive Efficient Innovation Planning

Accelerating your front end planning while also improving results requires enhanced skills and efficient tools in five essential areas:

1. **High Power Innovation Teams**
2. **Fast Customer Insight Systems**
3. **Targeted Ideation Frameworks**
4. **Efficient Evaluation and Decision Making**
5. **Collaborative Product Planning**

This white paper describes these five essential elements, highlights common challenges, and offers a case study that shares Planning Innovations' methods for delivering innovative product plans using fast, cost-effective tools to identify, evaluate, and define market leading products and services.

"We have only two sources of competitive advantage:

1. The ability to learn more about our customers faster than the competition
2. The ability to turn that learning into action faster than the competition"

Jack Welch

AN INTRODUCTION TO THE FIVE ESSENTIAL ELEMENTS

These five elements form a framework for efficient innovation planning:



Are You Focused on the Right Opportunities?

Efficient planning requires the discipline to focus on those opportunities that are both **valuable** to customers and **possible** for the organization to execute. Everything else wastes valuable resources.

- **What Is Valuable to Customers** - The discovery of needs and wants that customers will pay to solve – supported by accurate forecasts and pricing.
- **What Is Possible to Execute** - The technical and operations solutions to meet customer needs – validated with resource and technical evaluation.

This model drives two important points: (1) time is wasted when teams focus on opportunities *outside* the overlapped region and (2) new opportunities are wasted when teams don’t *expand* what is possible to execute. Innovation teams must include *active* members from each side of the organization to first identify valuable opportunities, and then to collaborate toward executable solutions.



ESSENTIAL SKILL #1: HIGH POWER INNOVATION TEAMS

Skilled Project Teams Drive Innovation Success

Similar to *any* major initiative, innovation planning success starts by giving a skilled project team specific goals and holding them accountable. It's been shown by the IBM PC, the Apple Mac, the new Ford Powerstroke engine and countless other innovations that a focused, talented team can accomplish amazing things. Innovation planning requires this same focus. While managing project teams is common practice, innovation teams have unique needs.

Challenges to achieve high power innovation teams include:

- **Vague Objectives** - The team is not clear on the kind of product or market opportunities the company is seeking or what is expected in terms of evaluation and detail.

Why Is This a Problem? Without clear guidance on goals and expectations the team will spin on the wrong ideas and spend time gathering the wrong data.

- **Not on the Critical Path** - Since no revenue or profit is tied (yet) to these project teams, they are often considered a low management priority.

Why Is This a Problem? Motivation and momentum is lost without clear visibility, support and incentives.

- **Inefficient Team Activities** - The team's key participants lose interest or focus to more pressing activities.

Why Is This a Problem? Once a team loses energy, it is almost impossible to regain momentum. This leads to low participation, planning delays and poor results.

Efficient High Power Innovation Teams

An innovation team with the right leader, members and focus will achieve great results. The most successful teams include four to six talented, respected and motivated members from marketing, R&D and other functions, with the commitment and training to innovate. However, your best team members are often the busiest and are also needed on other critical projects. This drives three key needs: (1) the leader must have the skills to select and execute effective and efficient tools, (2) the team must be fast and efficient to sustain the attention of key members, and (3) senior support is needed to consistently reinforce the importance of the team's activities and results.

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Innovation Case Study: High Power Innovation Teams

A large consumer electronics company is having trouble in the digital picture frames category. They are facing chronic price pressure since their frames are perceived as commodities by their sales channels and consumers. This is forcing them to use deep discounts as a primary selling tool. Other CE companies are entering this maturing market, further eroding their position. They need to do something. This case study shows how they used PI's methods to regain market leadership. It began by forming a high power innovation team.

- **Initiate** - The CEO initiated an innovation team to identify a new product line in six weeks that would generate \$100M over two years.
- **Team formed** - A high power team of six members is formed, lead by a top product manager, with respected technical, design, support, and marketing leads.
- **Budget** - A budget was set at \$50K.
- **Review** - The project was reviewed with the CEO, who clarified goals and motivated the team, but also made it clear, "Do not miss short term goals!"

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ESSENTIAL ELEMENT #2: FAST CUSTOMER INSIGHT SYSTEMS

Customer Insight is the Engine of Innovation

At the core of innovation is the ability to harness the power of customer insight. Many companies still use market research similar to how consumers use emergency rooms – only when absolutely necessary and with great expense and inconvenience. However, obtaining fast customer insight must be fully integrated into innovation practices starting with innovation planning. Improvements in this area have propelled P&G, Coleman, Whirlpool, and unlimited others to faster and more valuable products.

Common challenges obtaining customer insight include:

- **Over Reliance on Validation Research** - Major product decisions *start* with focus group or survey results.
Why Is This a Problem? These are valuable tools, but often provide inaccurate results when used without first applying tools that obtain deeper customer insight.
- **Over Reliance on Sales Feedback** - The team relies heavily on the sales team or channel partners for customer insight and product ideas.
Why Is This a Problem? Consistent sales feedback is a critical component of efficient planning, but is often filtered and incomplete.
- **Over Reliance on External Agencies** - Using external research agencies for nearly all end-customer insight.
Why Is This a Problem? Relying solely on agencies can be expensive, consumes valuable time and doesn't allow your team to learn these critical skills.

Efficient Customer Insight Systems

Your access to fast, high quality qualitative and quantitative customer intelligence is the key to efficient planning success. You can immediately improve the speed and quality of your insight by setting up your own customer insight systems. This system might include customer panels, online communities or lead customer groups. Setting up a system does require some effort, but once these methods are in place, they become valuable information channels to efficiently explore customer needs and evaluate concepts in days – rather than months – while reducing the time and expense of using external research agencies.

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Innovation Case Study: Fast Customer Insight Systems

The company needed differentiated products that consumers will love. In order to quickly identify customer needs and validate concepts, they used new methods to gain faster and more cost-effective customer insight.

- **Customer Panels** - The company set up panels of 400 current and potential target customers split between two cities. This asset allowed them to quickly explore and validate a variety of concepts.
- **Training** - PI trained the team to maintain the panels and conduct interviews and online research using inexpensive tools.
- **Obtaining Insight** - Once their panels were set up, they spent three weeks to interview customers, conduct group discussions, and visit six customers in their homes to explore customer interests, learn how frames were being integrated into lifestyles, and create target customer personas.
- **Savings** - The company went from spending \$10K for each focus group that took weeks, to obtaining in-depth insight in days at a fraction of the cost.

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ESSENTIAL SKILL #3: TARGETED IDEATION FRAMEWORKS

The Right Ideation Frameworks Spark Valuable Ideas

“Ideation” is the process of generating targeted ideas that lead to new opportunities and valuable differentiating features. These techniques are often overlooked by teams under pressure to “get things done,” but without spending at least some time on these techniques, two things can occur: (1) teams generate ideas that are limited to customer requests, competitor features, and ideas that have little bearing on the business and (2) team members and other stakeholders don’t have a chance to express their ideas. This results in the team *and* management getting deflated when few high-potential products are identified or their ideas aren’t given the proper attention.

Other common challenges to effective ideation include:

- **Wrong Focus** - The team focuses ideation to solve *perceived* problems that customers will not pay for.
Why Is This a Problem? Teams can waste much effort by identifying cool technical solutions or products and then attempting to justify the development costs.
- **Wrong Ideation Methods** - The team is using typical strategic frameworks, such as SWOT, or relying on traditional brainstorming to discover opportunities.
Why Is This a Problem? General purpose strategic planning tools yield few new, innovative ideas.
- **Insufficient Time or Participation** - Ideation is limited to a few discussions between marketing and R&D.
Why Is This a Problem? New perspectives from sales, service, and other groups are lost and ideas are limited to the most obvious opportunities.

Efficient Targeted Ideation Frameworks

Opportunities are created by seeing customer problems and market trends with new eyes. Ideation techniques are often new to teams but are needed to obtain this vision. Proven ideation techniques, such as experience analysis and Trendeation™ can quickly target brainstorming to focus your team toward finding real opportunities. Spending a little time on these activities over several weeks will not only start the team’s innovative juices flowing, but save time overall by improving teamwork and allowing more ideas to be surfaced early in the planning process.

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Innovation Case Study: Targeted Ideation

The company’s typical methods consisted of brainstorming and then using focus groups to validate their decisions. The results were “me too” products. This time the team spent several hours over two weeks using ideation frameworks to identify valuable customer solutions.

- **Customer Problems Analysis** - Using the customer insight obtained earlier, they identified two areas where customers wanted better solutions: (1) ways to share pictures with family members who owned similar frames and (2) more frame options to fit a variety of needs.
- **Ideation Frameworks** - They generated ideas using three tools: (1) PI’s Trendeation analysis to explore trends, (2) an experience framework to explore the customer life cycle, and (3) customer needs analysis to solve the most valuable problems.
- **Fast Prototype Ideation** - They produced simple prototypes and worked with their customer panels to quickly explore current ideas and find new ones.

They ultimately found over 50 new major features and products variations.

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ESSENTIAL ELEMENT #4: EFFICIENT EVALUATION & DECISION MAKING

Smart Evaluation Methods Speed Decision Making

The innovation culture of many companies is that ideas are not presented until they are thoroughly researched and supported with data. This can work well with a small number of opportunities, but building a solid case can take months and may severely limit a company's ability to explore a large number of new arenas. The result is often a plan with only the most obvious and incremental opportunities.

Common challenges during evaluation and decision making include:

- **Analysis Paralysis** - Significant time is spent getting data for business cases *before* filtering out low-potential opportunities.
Why Is This a Problem? Teams want to be "right" before presenting ideas, but often waste time gathering new data to analyze the wrong ideas.
- **Decision Paralysis** - The team spends valuable time arguing about which ideas are best.
Why Is This a Problem? Discussion is healthy, but without clear criteria, decision making gets bogged down with long, unfocused product debates.
- **No Real Customer Data** - The team can't support product forecasts, pricing, or market potential.
Why Is This a Problem? Without real customer data, knowing which product innovations will sell are merely opinions. This leads to the loudest voice or most senior person winning versus the best concepts winning.

Efficient Evaluation and Decision Making

Evaluating large numbers of ideas and concepts takes different analysis methods than typical business cases. New skills are necessary in two areas: (1) filtering concepts – efficient qualitative methods, such as group voting techniques and concept scorecards, to quickly filter out the least promising ideas and 2) building fast business cases – tools to quickly build accurate business cases that are supported by efficient quantitative methods to justify pricing and forecasts. Both of these evaluation skills are dependent on having built the fast customer insight systems discussed earlier.

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Innovation Case Study:

Efficient Evaluation & Decisions

With over 50 major product and feature concepts, the company needed to quickly filter and prioritize ideas. Given their time constraints, building detailed business cases for each major concept was not an option. However, they needed quick decisions supported by accurate data. The company used new evaluation methods to achieve their goals.

- **Group decisions** - They used group voting methods based on their decision criteria to select the most promising product and feature concepts.
- **Concept testing** - They created more detailed prototypes of top products and developed positioning messages to test concepts with their customer panels and distribution partners. This enabled them to rank the best features and functions and begin to define complete products.
- **Fast trade-off analysis** - They used an online survey tool to quickly test the product variations with the 400 potential customers in their panels to quantify the most valuable features, estimate pricing, forecast market share, and test messaging.

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ESSENTIAL ELEMENT #5: COLLABORATIVE PRODUCT PLANNING

Building Plans, Requirements and Support

Once valuable concepts have been identified, they must be nurtured into fully defined products with achievable development plans. Really innovative concepts that require new development will compete for limited resources that may invite powerful internal critics. Teamwork and leadership is critical now to negotiate the technical and resource trade-offs that ultimately determine whether a product will be a market leading star or a low margin dud.

Common challenges during product planning include:

- **An Incomplete Story** - The team has defined interesting new ideas, but are not able to support the products with real customer and market data.

Why Is This a Problem? Critical peers and managers need to see a clear connection between the product investment, sales forecasts and potential pricing.

- **Unclear Requirements** - The new products have vague requirements and no clear feature prioritization.

Why Is This a Problem? The development team can't (or won't) respond with costs or schedule estimates without a clear understanding of customer requirements.

- **Unjustified Resource Requests** - Marketing requests features that require significant new development without market and customer justification.

Why Is This a Problem? Development teams won't challenge themselves to develop requested technology without a clear market potential or customer need.

Efficient Collaborative Product Planning

Developing market leading products requires that teams use deep customer insight to challenge what they can deliver. By successfully executing the first four elements and sharing critical knowledge about customers, markets, and potential opportunities throughout the process, innovation teams are able to quickly develop solid, concise business cases and agree on major resource decisions that lead to these winning products. You can build a collaborative environment by including key architects and technical leaders early in the planning project to proactively seek creative solutions and make smart trade-off decisions based on customer needs.

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Innovation Case Study:

Collaborative Product Planning

With top concepts in hand, each with various levels of definition and technical clarity, the team planned for development using these methods.

- **Product Roadmap** - The team clarified their roadmap for three product life cycles based on a product platform that used their resources most efficiently.
- **Requirements** - The team prioritized features into priority 1, 2, and 3 efforts and wrote detailed requirements for priority 1 and priority 2 features.
- **Technical Trade-offs** - The team collaborated to clarify technical challenges and focus on the best use of internal and external technology.
- **Final Business Cases** - Working with sales and finance, the team developed concise business cases, supported by customer forecasts and prices as determined by their customer panel activities, to sell their plan to peers and the senior team.

As a result, the CEO approved the plan and applauded the team's quick planning effort. He immediately began touting the new digital frames to the market as a key component of the company's strategy.

PRODUCT INNOVATION PLANNING SUCCESS

Making improvements in these five essential elements will enable your company to quickly and accurately identify, evaluate and define market leading products. Start building a more efficient, cost-effective innovation planning system with your next project by:

1. Forming high power innovation teams with the right goals
2. Developing fast customer insight systems
3. Utilizing targeted ideation frameworks to spark new thinking
4. Building efficient analysis and decision-making techniques
5. Enabling collaborative product planning

There is a wealth of untapped talent in your company that can be unleashed by implementing enhanced and more efficient innovation planning tools.

THE POWER PLANNING SYSTEM™ **Learn Innovation by Doing Innovation**

Planning Innovations Group (PI) gives clients the skills and tools needed to achieve superior innovation results through developing customer insight systems, ideation strategies and efficient evaluation techniques. By conducting complete innovation projects with PI, within just six to twelve weeks your team is *learning* efficient product innovation by *doing* product innovation and achieves these benefits:

1. Faster, validated and more innovative product plans
2. Significant savings by reducing reliance on external agencies
3. More efficient development through better teamwork
4. A steady stream of products that customers love

During the innovation project, we evaluate your current methods and provide new, efficient tools that are most appropriate for your products, technology, and challenges. We call the overall process the *Power Planning System™* and the result is a fast, cost-effective system that leverages the broad talents of your team to develop marketing leading products.

Contact Us

Learn more at: www.planninginnovations.com

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About Planning Innovations

Since 2002, Planning Innovations Group has helped product development companies in competitive markets develop highly successful new products. We provide powerful, cost-effective and efficient team-based innovation planning methods to our clients so they can spend more of their resources actually innovating.

Our Services

PI provides two core services:

Front End Innovation Planning

PI works closely with client teams to identify and validate high-potential product and market opportunities. We share proven methods that leave clients with effective tools and innovation planning frameworks.

Outcome-based Workshops

PI provides programs to build skills and obtain tools to drive efficient innovation planning. Some of our workshops include:

- Driving Innovation Projects with the Power Planning System
- Building Fast Customer Insight Systems
- Effective Ideation Frameworks for Innovation Planning
- Foundation Skills to be a Product Innovator
- Advanced Skills to be a Product Innovator
- Custom workshops

Our workshops can be customized to focus on your situation and desired outcomes.