

4 Steps To Successful Product Innovation

The Power Planning System™

Introduction

Research from the PDMA (Product Development & Management Association) has shown that on average, 4 out of every 5 new products entering development will fail. Fortunately there is a path to consistently successful innovation. This paper will provide an overview of a practical system for product innovation rooted in best practices, that is straightforward to implement, works with existing PDPs (Product Development Processes), and yields extraordinary results in new products and services.

PDPs: A Partial Solution

Product Development Processes, or PDPs, are in use by approximately 70% of product organizations today. These processes are typically designed to “Go” or “Kill” projects at specified project milestones. PDPs are designed as **development control processes**, not as **product innovation processes**. The benefit of PDPs is clear, they shorten development time and reduce waste of resources, but there is no clear process for how to generate and evaluate the concepts that ultimately make it *into your* PDP pipeline. Frequently this pre-PDP, front end phase can be very chaotic as you juggle your people, resources and the overall new product environment.

Factors contributing to the uncertainty of the front end:

People: Who contributes? Who’s responsible? Personal agendas?

Resources: Current product issues vs. new products?

Environment: Which tech trends? Which customers? Which competitive threats?

The uncertainty, or fuzziness, at the front end almost always leads to problems in the PDP and commercialization stages, including:

- **Too many projects.** Resources are overwhelmed, projects are delayed, and resources are continually shifted between projects.
- **Too few opportunities.** Senior management is frustrated because the product team is not driving growth for the company.
- **Low new product success rates.** Products miss the mark with customers, or market needs are not fully understood.

The most significant improvements and ROI come from activities at the front end new product and new market innovation.

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Innovation Best Practices: A Logical Progression

Studies of the companies which are consistently most successful at innovation have identified numerous best practices. These best practices in innovation cover various areas that impact the front end of the product development process, including creative thinking, understanding customer needs, decision making processes, and organizational culture, to name a few.

- **New Growth Strategy**
- **Creative Thinking**
- **Customer Needs Analysis**
- **Portfolio Management**

If you set out to deliver repeatable results in successful innovation, you would include at least the key aspects of these best practices, integrating these activities into a repeatable organizational process. Consistently successful innovation requires a systematic approach to product planning. You need to move innovation beyond the occasional success and into a stable pattern of consistent and repeatable success.

With the abundance of information on best practices, you have the **what** to do, but the **how** of executing effectively and with consistency is where most companies struggle.

Why should I consider instituting a new “System” into my organization?

In short, because transforming a series of successful activities into a process ensures that innovation gets done right, *every time*.

According to the PDMA, companies without a product innovation system waste almost 50% of their development and commercialization resources on failed products. That’s something no company can afford for long. Companies utilizing an innovation system reduce that failed percentage *by half*.

A product innovation system creates an ongoing internal process to proactively discover, evaluate, and prepare opportunities for your current PDP.

“ If you can’t describe what you’re doing as a process, you don’t know what you’re doing ”

*W. Edwards Deming
Father of Quality*

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The Power Planning System™ Of Product Innovation

The Power Planning System™ combines key best practice activities with the broad knowledge base and experience that exists within your organization. This four-step process enables your team to consistently discover, evaluate, and communicate the highest potential product, service, or market opportunities for your organization.

Once implemented, this practical system can take your planning team from corporate objectives to winning product roadmaps in as little as four weeks.

Try doing that without a system!

This process actually shortens your development cycle by providing focus, reducing bad decisions, and allowing fully developed concepts to enter the PDP.

4 Simple Steps With Powerful Results

Consistent innovation is achieved by having these activities work together like a powerful engine for your company, rather than a collection of isolated parts. **The Power Planning System™** of product innovation integrates key best practices into related steps of activities that flow smoothly from vision objectives to business cases and roadmaps. Each step is interrelated to allow the review of objectives and decisions as more information is uncovered during the process. The table below demonstrates how key tools and methods are utilized by the planning team in an integrated system of inputs, activities and results at each step of the process.

INITIATE Process Preparation:	IDEATE Opportunity Discovery:	EVALUATE Opportunity Evaluation:	CULTIVATE Solution Cultivation:
Team Structure Idea Management Vision Goal Setting Business Intelligence	Voice of the Customer Market Segmentation Disruptive Innovation Ideation Techniques	Vision Mapping Concept testing Resource Requirements Portfolio management	Preliminary Business Case Organizational Assimilation Roadmap Development Resource allocation

INITIATE

Establish your product planning with an assigned cross-functional team, dedicated leadership, a project timeline, budget, and clear objectives.

IDEATE

Systematically generate and capture new ideas and concepts that reveal all of your possible opportunities.

EVALUATE

Systematically determine the best-fit opportunities based on your strategic objectives and available resources.

CULTIVATE

Build new product concepts and new potential market opportunities into thoroughly defined solutions to clarify thinking and obtain team agreement.

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Step 1

Initiate

In most organizations, important initiatives are executed as projects with clear objectives, assigned resources, and completion dates. This model should also apply to the process of identifying and defining your products and services for future growth.

Unfortunately this is typically an ad-hoc event at best, with product management and engineering the only participants.

Imagine that instead of a last minute skirmish to create a product roadmap, your internal topic experts have already been collecting and summarizing the most relevant business intelligence to analyze, as identified by the team in the last cycle. Executive management has appointed a group leader for an **Innovation Team** with cross-functional representation, defined objectives, a working budget, and timeline.

With these systems in place, **your team** would be well on its way to a winning product plan.

The Initiate Step ensures that you execute on all drivers of a successful planning project

In this first step, you will use techniques to define the corporate vision as a quantifiable objective, create the project team, assign a dedicated leader, and identify and gather the relevant intelligence which is more than just data.

Results of this step are a dedicated team and a clear set of corporate objectives to guide that team's activities. Your team members move through the planning cycle more effectively given the clear mission and support. The project is supported by ongoing senior management involvement and directed by informed consensus. The information that is most relevant to the objectives and the drivers of innovation is gathered efficiently, by creating a view of "what's important" prior to gathering data.

This intelligence is then summarized and acts as the catalyst for opportunity discovery.

Initiate

Innovation Teams

Project planning

Vision planning

Collect intelligence

Budgeting

Signoff forms

Step 1

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Step 2

Ideate

As the planning cycle begins, companies without a process typically obtain ideas from engineering and product management, rely on ad-hoc brainstorming sessions, or get random ideas from senior management. While these are based on experience and market knowledge, it leaves untouched a vast set of potential opportunities - those ideas from customers and knowledgeable front-line employees for example.

These typical discovery behaviors lead to either biased findings or conservative results. They focus on a current product point of view that tends to lead to product enhancements and line extensions, rather than innovation.

What if instead of looking in a straight line towards bigger, faster, and cheaper new product concepts, the discovery process focused on **truly understanding customer needs**?

Ideate

Ideation planning
Ideation techniques
Customer analysis
Market segmenting
Innovation drivers
Trend analysis

Step 2

The Ideate Step begins by transforming the objectives and intelligence prepared in Step 1 into a set of problems to be solved

We've categorized the best practices in ideation into three areas

- **Customer Interaction**
- **Creative Thinking**
- **Trend Analysis Methods**

In the area of obtaining direct customer input, methods range from lead user research to ethnography as well as the commonly used focus group. With a systemic approach, a menu of discovery techniques is available from which to select the most appropriate set given the objectives at hand.

There are numerous creative thinking techniques, including brainstorming and lateral thinking, which require tools and training to be effective. The goal is to generate hundreds of ideas as potential opportunities.

Proactive trend analyses when conducted by functional experts, provide the team with a shortcut to understanding the potential gaps in the market. By having functional experts on your team consistently monitor trends in their areas, you quickly highlight opportunities that are important to your objectives.

Whether trends in technology, markets, or consumer behavior, these focused explorations highlight opportunities and threats important to the planning period.

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Step 3

Evaluate

Evaluating concepts is where many organizations fail to execute. In Step 3 of The Power Planning System™, the team first establishes the weighted criteria by which opportunities will be evaluated. Then following up with qualitative and quantitative rankings, the team moves quickly through prioritizing the concepts.

As a best practice, the ideas are prioritized rather than discarded which makes way for a final reality check against the product and market objectives established back in Step 1.

This prioritization technique enables the evaluation team to reposition the projects until the objectives are optimally met.

The Evaluate Step uses business objectives to make clear project decisions

In the Evaluate step of **The Power Planning System™** each opportunity is analyzed and prioritized to allow the best opportunities to rise to the top. As the projects are selected, the team identifies which opportunities need additional information through concept testing and move directly to that prior to entering the PDP.

The resulting portfolio is a prioritized list of projects and their expected resource needs, closely aligned with the portfolio objectives. The product expectations will exceed the corporate objectives by a certain percentage to allow slack for projects that may fall out in the more complete business case assessment of the next step.

Evaluate

Criteria planning
Group evaluation
Decision making
Portfolio planning
Vision mapping
Concept testing

Step 3

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Step 4

Cultivate

Clearly articulating a product concept to the product development team is another area in which many organizations struggle. Typically, there is a desire to move directly to detail product definition or even development before the opportunity and value proposition has been determined.

As more than one engineering executive has remarked, "I just want to know marketing has done the same due diligence that I'm asked to do".

Providing a clear and concise preliminary business case up front saves the Product Development Team from the all too common stops, restarts, and redirection that waste development time and resources.

Cultivate

Business cases

Roadmap building

Portfolio validation

Set requirements

Documentation plan

Communication

The Cultivate Step combines the prioritized opportunities with resource allocation to create a roadmap

The goal of a product roadmap is to develop the optimal timing for development and market launch. The documentation for clearly communicating the project to the product development team, including preliminary business cases and product definitions, are created here.

These activities provide two benefits. First, the cultivation process enables the Innovation Team to further evaluate the opportunities against the corporate objectives and capabilities before too much time and resources have been spent on the concept. Second, the activities here take the product well along the way to a plan that engineering and the Product Development Team can execute.

By completing the pre-development process with a cross-functional team, you also have cross-functional support of the project as it moves into the PDP.

In some cases, the Innovation Team will determine that a specific opportunity requires development resources separate from the core product development process. In such cases, the senior management approval is obtained prior to entering the PDP and resource allocations worked out in the roadmap. The set of solution cultivation activities tie together all of the up-front work to easily communicate the new product plan to the PDP, providing the greatest opportunity for the success of each approved project.

Step 4

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Results of The Power Planning System™

The Power Planning System™ taps into the collective creativity and expertise of the organization at every step of the pre-development process. This organization-wide process ensures that all opportunities are explored, the right information is being used, and that cross-functional consensus is obtained as you move forward to product development.

Incorporating best practices in innovation through clearly defined actions enables the Innovation Team to expediently move from objectives to product road map *in as little as four weeks*.

The specific tangible outputs of The Power Planning System™ are:

- A steady stream of innovative new products, services and potential markets
- Product plans that have been through a variety of options and have organizational support
- Marketing requirement documents that are thorough and ready for development
- A focused, productive development team

Conclusion

Innovation is an ongoing requirement for company growth and survival. Today, this requirement is critical given increasingly shorter product lifecycles, faster technology obsolescence, and rapid business model disruptions.

A process-driven approach to innovation is the answer. The Power Planning System™ resolves the product development problems created at the Fuzzy Front End.

A product innovation system does not have to be complicated, but it does require a change in thinking, new tools, training, and discipline. We have created The Power Planning System™ as a 4 step dynamic process to integrate real-world product development issues with the best practice methods. This product innovation system is fully developed with templates and tools for each step of the process.

Getting Started

Contact us to discuss an innovation audit of your current product planning process. The evaluation process is quick, requires very little of your team's time, and can provide valuable insight into your organization. For more information, please visit us at: www.planninginnovations.com

You can contact us directly at either our Phoenix AZ, or our Portland, OR office:

Phoenix office

Ed de la Fuente
4838 E. Fernwood Ct.
Cave Creek, AZ 85331
480-585-6112

Portland office

Dorian Simpson
4816 SW Fairview Blvd.
Portland, OR 97221
503-274-6522