New Product/Innovation Tool Kit

New products and innovation is the lifeblood of any organization. Standing still just makes you that much of an easy target. So standing still is not an alternative. And with today’s technology, six months can sometimes be too long between developments. A good example is Sony…long before APPLE became a force, SONY was the quality and innovative company in consumer electronics. A major part of the problem was that technology, and innovation, just past them by …. <http://www.nytimes.com/2012/04/15/technology/how-sony-fell-behind-in-the-tech-parade.html?pagewanted=all&_r=0>

Same can be said for the rest of Japanese electronics business

[**http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/How%20Japan%20Lost%20Its%20Electronics%20Crown.docx**](http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/How%20Japan%20Lost%20Its%20Electronics%20Crown.docx)

**Can the same thing happen to say APPLE …. Here is a quote from a recent Wall Street Journal article. “Apple's accomplishments during its heyday boiled down to a single accomplishment. Its design and engineering teams were leaps ahead of all others in incorporating the latest technological possibilities into a package that could fit in your hand. Apple was unbeatable because of its mastery of the iPod form factor. What was the likelihood that Apple would remain unbeatable? Zero. Nowadays the newest things being fitted into your hand aren't hardware and operating-system innovations at all. They are cloud services, which Apple hasn't been strong at (GoogleGOOG +1.48% has) and which Apple isn't necessarily likely to become strong at.”**

The body of knowledge on innovation and new products is extensive and growing. With so much information available, I have sifted through the literature to bring you the most interesting, useable, and thought provoking offerings from the great minds in our business. As well as a bit of my own writing.



Find the tool you need in the pages to follow…enjoy

Jeff Heilbrunn

**AAKER (Make your competition irrelevant through differentiation)**

David Aaker gave us something to think about in 2012. His idea is that while we use branding to help consumers choose their brand of preference, we can make all the competitive brands irrelevant by developing products that are different … so different so as to make the competition irrelevant. He presents his thoughts in the linked YouTube video <http://www.youtube.com/watch?v=9TQmd89ohgA>

**Brainstorming**

New product ideas can come from many places from the eureka moment in the shower to the attempt to generate ideas through various tools. So for those of us who are not Steve Jobs brilliant, here are 100 tools to help you along with your brainstorming and idea generation:

<http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/100%20Ideas%20on%20Brainstorming.doc>

**Co-Creation with Customers**

Much has been written today about allowing customer in to the process of new product development. One specific technique covered later in this report is Lead User Research made famous by Eric von Hippel. For more generalized discussion of co-creation please see the following:

<http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/Co-creation%20With%20Customers.doc>

**Culture and GE**

General Electric Company is held in the highest esteem with regard to its efforts to innovate. They are so proud of their efforts that they are known and want to be known as innovators. What does it take to be good at innovation. Some say it takes a corporate culture that puts such a high emphasis on innovation. GE has been the focus of studies in this regard and here is a recent review of the success of innovation at General Electric

<http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/GE%20Innovation%20Strategy.pdf>

**Design and APPLE**

Design can help us to create great new products or bring new life to tired old products. Design should take into account both the aesthetics of a product as well as the functionality of the product. When I got my first iPhone, the iPhone 4, I was amazed with its simplicity and elegance. This ten minute video does a very nice job of discussing design, its importance, and APPLE.

<http://www.youtube.com/watch?v=ahtHKCQUD2k>

**Exploratory Research**

Focus groups; depth interview; social media scanning; ethnography … just noting some of the major methods used in exploratory research. This type of research can be very effective in giving us insights and ideas. Just remember to conduct some good old fashion quantitative research on your hypotheses that derived from your exploratory research before coming to any conclusions. One of the newest of these areas is scanning the social media for insights. Companies like Radian6 and GeeYee are doing this kind of research today for many companies. I helped GeeYee get rolling several years back… <http://www.slideshare.net/tmalkin/geeyeeyale-school-of-customer-insights-impact-of-social-media-on-product-development-decision-making>

**Failure to Execute**

Many stories are starting to surface about companies who made the investment in product development only to have the R&D shelved by management who could not pull the trigger. <http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/Nokia...New%20Products%20Failure%20to%20Execute.docx>

It is one thing to make the discovery, and another thing to act ….

<http://www.youtube.com/watch?v=PTAGwfWpbjg>

**GeeYee (social media scanning)**

A few years back I got involved with some fellows from the University of Illinois Chicago who were doing some of the original work on text analytics. So what is done is a company might want to know what is being said about its brand and perhaps about what is said of the competitors. The text analytics programs will go into the social media sites, grab comments, analyze them, and create some useful insights as to how a product of company is viewed. Visit [GeeYee](http://www.geeyee.com/) or [Radian6](http://www.youtube.com/watch?v=EH1dcFh_-I4) for more information.

**IDEO**

One of my favorite companies in the design of new products business is IDEO. It is an agency credited with the design of many new products. They have a philosophy of product development and design called Design Thinking which is a methodology of note …. <http://www.mktgsensei.com/AMAE/Design/IDEO%20and%20Innovation.pdf>

The firm was the subject of an ABC Nightline segment in which they are shown redesigning something we all use regularly, the shopping cart. It is eight minutes well spent …

<http://www.youtube.com/watch?v=M66ZU2PCIcM>

**Insights**

Companies today are captivated by what is being said about them online. Even the measurement of the effects of advertising are moving from the concept of “impressions” to “expressions”.

<http://www.mktgsensei.com/AMAE/Advertising/COKE...From%20Impressions%20to%20Expressions.doc>

**Jobs (as in Steve)**

Customers don’t know what they want (so don’t ask them) and four other dangerous lessons to learn from Steve Jobs…. <http://www.forbes.com/sites/chunkamui/2011/10/17/five-dangerous-lessons-to-learn-from-steve-jobs/>

For a commentary on Jobs, see an excellent article about him by Malcolm Gladwell, The Tweaker <http://www.newyorker.com/reporting/2011/11/14/111114fa_fact_gladwell>

**Listening**

The internet today is all about “Conversation” …. Conversations of customers with each other, with companies, leaving their comments around everywhere. This idea of the internet being a place for conversation is noted in the works called The Conversation Prism. It is an idea that is important to innovation as this is potentially where your next big idea may come from. For more, watch the video here <http://www.youtube.com/watch?v=0e44bJdViU0>

Or view the map of the conversation prism here

<http://www.mktgsensei.com/AMAE/Internet%20Marketing/Conversation%20Prism.pdf>

**New Product Development Process**

In my 1995 book entitled, “The AMA Encyclopedia of Marketing” I had a chapter written by Tom Kuzmarski on the process of new product development. Here is Tom’s Ten Step Approach to new product development, as fresh today as when it was penned.

<http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/New%20Product%20Development.pdf>

**Open Innovation**

See “co-creation” with customers noted above. Or follow the link here

<http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/Co-creation%20With%20Customers.doc>

**Porter and the value Chain**

I have recently been trying to make Porter and his writings more accessible and more palatable for my students. His value chain analysis is shows us places where we can make improvements, not only in the product but also in the services and other areas of the business. Innovation in terms of say customer service can be just as important as tweaking a product. I have put my ideas together into something called a Pencast that is useful for those of you interested in Porter and his ideas.

[http://www.mktgsensei.com/AMAE/Strategy/Strategy,%20Porter%20and%20Me.pdf](http://www.mktgsensei.com/AMAE/Strategy/Strategy%2C%20Porter%20and%20Me.pdf)

**Product Development Approach**

Innovation can be not only in terms of the product or service, but also in terms of the consumer engagement, the brand, the profit model, the distribution model, and many other ways. We can add new value in many ways. Here is a model to analyze various parts of the business in a way that is consistent with design thinking. This is some of my best thinking on the subject.

<http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/New%20Product%20Innovation%20Toolkit%203.0.docx>

**Reverse Innovation**

One theory of product innovation says we make the new stuff in our home market and then we try to push it out to global markets. But we live in a global world where product innovation is happening all the time and everywhere. So why not look outside to find innovation and then bring the innovation home ….. <http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/Reverse%20Innovation.docx>

**Services**

Say you are in the business of selling trucks. Maybe you are looking for a way to enhance sales, add profits, and differentiate your product. Have you considered adding services? In the case of truck sales, how about management of a fleet to include fuel management services? Adding services can give added life to your product offering.

<http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/Beyond%20Products...adding%20Services.doc>

**Small Changes vs Big changes**

Is it the small win or the big game changer that wins the battle for product innovations. This is a point of some contention and there are argument on both sides. For small wins, see <http://www.mktgsensei.com/AMAE/New%20Products/Innovation%20and%20Small%20Wins.doc>

For the big win see <http://www.mktgsensei.com/AMAE/Product%20Life%20Cycle/Think%20Big%20...Think%20Changing%20the%20Reason%20People%20Buy.doc>

And for more discussion see [http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/The%20Innovator%20Enigma%20....%20Small%20Changes%20May%20Hurt%20Chances%20for%20Big%20One's.docx](http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/The%20Innovator%20Enigma%20....%20Small%20Changes%20May%20Hurt%20Chances%20for%20Big%20One%27s.docx)

**Synectics …a Successful Approach Used by Many Brands**

For a good discussion on current approaches to new product development. This is a one hour video before a UCLA MBA class.

<https://www.youtube.com/watch?v=3NjH9U_5S8k>

**Teardown (revising an old product ….tweaks)**

Sometimes you are faced with just needing to tweak a product…to make small incremental improvements. Here is a way to do this called the Product Teardown

<http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/Product%20Teardowns%20for%20New%20Product%20Ideas.pdf>

**Ten Types of Innovation**

The model here looks at innovation in terms of the business value chain and identifies ten areas of business, not just the product itself, as places for innovation. There is some good ideas here for WHERE innovation can have an impact on the firm. A brief video is available here:

<http://link.baia-network.org/video/the-ten-types-of-innovation?xg_source=activity>

How hot are your innovations under the ten types of innovation?

<http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/Ten%20Types%20of%20Innovation%20...%20How%20hot%20is%20Your%20Innovation.gif>

**Uniqueness … The Process for Gaining Differentiation (at Kraft)**

Here is a great article on how KRAFT turned around it ability to come out with blockbuster products.

<http://www.mktgsensei.com/AMAE/Innovation%20and%20New%20Products/How%20to%20Make%20a%20New%20Product%20Unique.docx>

**Von Hippel (Lead user Research)**

There is a great methodology in looking for breakthrough ideas and technologies. This approach is used at 3M and other leading companies. It is called Lead User Research. This research involves getting people together who have used your products or similar products and have done so in creative and different ways. The approach works these individuals in such a way as to make them a creative force for product development. Included here is a link to a paper <http://www.mktgsensei.com/AMAE/Marketing%20Research/Research...Lead%20User%20Put%20Customer%20in%20Charge.doc>

And a link to Eric’s homepage that has many useful resources including six videos and several eBooks, all free.

<http://web.mit.edu/evhippel/www/>

**Innovation in the Competitive Company**

Innovation is ongoing and systematic.

Innovation happens everywhere in the firm

Innovation is budgeted and owned separately

Innovation supports the core business while creating new businesses

Innovation is a business unto itself

Innovation challenges the known and the assumed

Innovation results in failure and is celebrated

Innovation is experimental and often not planned

Innovation begins and ends with the customer

Innovation is a process of ideation; discovery; incubation; and acceleration to market

Innovation is the only competitive advantage that is sustainable

Notes from “The End of Competitive Advantage by Rita Gunther McGrath, HBR Press 2013

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