

CHAPTER 8

Innovation and New Product Strategy



FINDING CUSTOMER VALUE OPPORTUNITIES

Customer value analysis

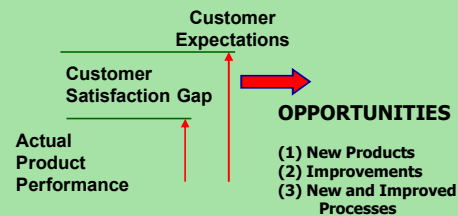
- Customer value requirement provide important information for determining where important opportunities exist
- Mkt segmentation help find segments which offer new product opportunities to the organization.
- Extensive study of existing and potential customers and the competition are vital in guiding effective new product planning.

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* Objective is to identify needs for:

1. New products
2. Improvements to existing products
3. Improvements in production processes
4. Improvements in supporting services

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- * New to world product
- * New product lines to the firm
- * Additions to one of the firm's existing lines
- * Improved/revisions to existing product
- * Cost reductions to existing product
- * Repositioning of existing company products.

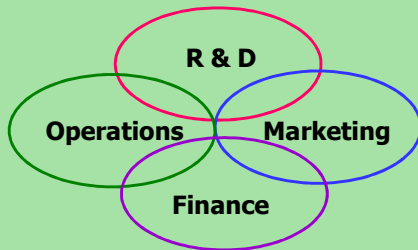
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Characteristics of Successful Innovators

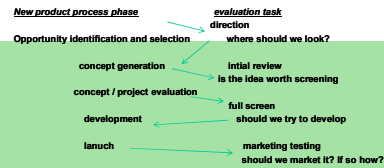


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Achieving Cross-Functional Interaction and Coordination



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Phase 1

- ✓ generate new product opportunities as spinouts of the ongoing business operation.
- ✓ As opportunities not specific product concept.
- ✓ Give major ones a preliminary strategic statement to guide further work on them.

Phase 2

- ✓ Select a high potential opportunity
- ✓ Collect available new product concepts that fits with the opportunity and generate new ones as well.

Phase 3

- ✓ Evaluate new product concept as they begin to come in on technical, marketing and financial criteria.

Phase 4

- ✓ Specify the full development process and slowly scale up production as necessary for product and marketing testing.

Phase 5

- ✓ Commercialize the plans and sale of new product maybe on limited basis and manage the launch program to achieve the goals and objective set in.

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- ✓ Many firms uses the same new product process this process also called stage-gate process.
- ✓ Here gates refer to a evaluation task
- ✓ It is at this gates GO/No Go decisions needs to be asked (that whether the project is looking promising to go on next phase.
- ✓ Firms using this new product process reported improvements in product teamwork, less rewok, greater success rate with new products, earlier identification of failure, improved lanuch and 30 % shorter cycle times.
- ✓ There is much pressure for firms to accelerate time to market for new products

8-10