



HOW TO DEVELOP NEW PRODUCTS

Action List

1. Generate **ideas** for new and modified products: for example, from customer feedback, employee suggestions and technical developments.
2. Assess how these ideas **fit** with your strategy, market position and skills; confirm that you have the resources to devote to development.
3. Form a project **team** covering all the key skills (eg marketing, design, production, purchasing and finance) and led by a product champion.
4. Plan the **critical path**, identifying which activities must be undertaken first and which can happen in parallel.
5. Set **budgets, objectives and timescales**; regularly assess progress during the product development project and, if necessary, modify plans.
6. Research the **market**, assessing customer requirements and sales potential; identify key risks and plan your marketing strategy.
7. Research the **competition** and potential competition; learn from competitors' successes and failures.
8. Assess **other risks** to the project such as technical hurdles and whether your intellectual property can be protected.
9. Define the basic **product specification** and translate specific features into product requirements; identify your key selling points.
10. Estimate the likely selling **price** and set target production costs; assess likely actual costs of development and production, allowing for contingencies.
11. **Design** the product, taking into account marketing, production and purchasing requirements.

12. Develop a **prototype** to iron out technical and production issues and to test market reaction; make any necessary changes.
13. Gear up for full-scale production and **launch** the product.
14. Continue to **monitor** the product's success and look for opportunities to further develop it.

Cardinal Rules

Do:

- use **customer wants and needs** to drive product development
- investigate **competitors'** plans and products
- assess and control **risks**
- involve a **full project team** from the outset
- plan the **critical path**
- expect setbacks, and be prepared to **modify** your plans
- conduct **trials** before committing to full-scale production

Don't:

- develop new ideas without adequate **market research**
- overlook the threat of **new competition**
- attempt **over-ambitious** projects
- let your existing products become **stale**