successful product innovation Trend in non-lean corporate marketing by attention deficit disorder: Innovation Centers

Posted by Billm - 2010/01/06 09:28

NYT today has a story on corporate innovation centers http://bit.ly/67moKF Big news media just love to cover this kind of institutionalized marketing bureaucracy (IMB) rather than lean marketing (Jay Conrad Levinson (lean before Lean was a word!), Steven Blank, etc.). And once the institionalized marketing bureucats see themselves covered in the media, they have all the feedback they need that they are adding value. Using the Johansson Nonaka (RELENTLESS) criteria of real customers, using real products, in the real context, the IMB approaches usually fail on real context 100% of the time, and real customers 50% of the time (corporate schmexperts are everywhere and are not customers). The above article talks about how 3M does not use any finished products in their innovation centers because they don't want to constrain ideas. Which means that the real products criteria is out 100% of the time at 3M. Pitney Bowes may do better. Because they have real products that they invite real customer jobs into their innovation center to test, they may actually get real customers, real product, real context (assuming the printing system is the context). But it is just too bad that our American marketing instinctive biases are against getting into customer context first. That we only reluctantly leave the realm of opinions (inside the building) to get data outside. That American media celebrate the building of corporate technology half-way houses that systematically create garbage in (real customers fail, real products fail, real context fail). American companies still have a 90% fail rate with IMB methods. This isn't usually mentioned by the big media writing. There is a lot of American marketing information pollution for lean small fry to avoid. bill meade

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Posted by Mike Deutsch - 2010/01/06 09:28

But it is just too bad that our American marketing instinctive biases are against getting into customer context first. There is a lot of American marketing information pollution for lean small fry to avoid. Hah - I love this. Well put, Bill. In-the-building opinions are the key to that good ol' American ingenuity, right? We just love it when some plucky guy or wonder-team creates some amazing new thing out of their own isolated creative genius (key word = isolated). It's very sexy, very Hollywood, and big media from NYT to Fast Company are full of it. But it's probably the wrong model if you want any degree of certainty about success. As for me, I'm a Lean convert, just getting started. But it's already been a long time since I found a NY Times business article as analytical and useful as the stuff I read here and on startup blogs every day. (which I guess is a round-about way of saying thanks to everyone who contributes here - Thanks!) Mike Deutsch @mdeutschmtl

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Posted by Jonathan Buford - 2010/01/06 09:28

This topic got me thinking about how would a consumer product company would go about connecting with their customers early on. When I worked in toy development, one of the most difficult aspects was getting customer feedback early enough in the process. As an added level of complexity, for retail products, you essentially have two different customers, the retailers and the consumer, who have opposing interests and needs. The workflow for a toy is to do concepts of both the design as well as product features which are very blue sky, and typically will have features that are either too expensive or impossible to manufacture. At that point, it would be ideal to get feedback from customers, but what we ran into with focus groups is that their effectiveness goes down over time as the kids get used to being in focus groups. Since they are kids, it was a bit limited with access, we had an arrangement with a local school. I think that now it might be possible to do some of this via internet, but you also run a serious security risk doing that as companies regularly rip off each other. So, in practice, we would generally self-validate most of the concepts, putting ourselves into the mindset of the kids as much as possible, and use the testing for the outliers that were very unique or had internal doubts. The next step would be to then start putting together more details, get a presentable design that has been revised for manufacturability on a board, or perhaps do a quick 3D model. The details of features and an approximate cost would be put together and adjusted to fit into the price points that were needed. At that point, we would show it to the retailers and get feedback from them. Sometimes, you could have what is a great product, but it just doesn't work for the retailers because of pricing or there is a competitive product they are going for instead. Without going through the rest of the steps in excruciating detail, I'll just summarize the issues that we had with getting feedback from customers, and why we ended up mostly relying on the internal experience for the majority of the work. First, sometimes one or the other customer would be wrong. Bratz (a hugely successful line of fashion dolls) was

resisted by retailers and internal sales for various reasons, but the kids really loved it. The company had to coerce retailers into stocking it initially. Second, there is imagination required to understand what the final product will be until you are shipping it. Prototypes, design drawings, and feature lists all have some differences between them and the final production product. There is simply no way to prototype a single production duplicate, and many times those small differences make significant changes in how the product is perceived or used. A good example of this is with motorized toys, I worked on a plush robot puppy that the prototype mechanism worked very well, but the production mechanism was limited by the plush that could be mass produced. The difference, there were changes in the mechanism when going from the prototype to tooling and also the plush pattern was slightly different to make it better for mass production versus the handmade prototype samples. These differences made the movement just not as interesting and slower. So, in the first case, sometimes we would choose to push ahead with something that didn't test well, or didn't get initial buy-in from the retailers. This would have mixed results in the outcome, but that is how that market is in general. You just can never tell what is going to be a huge success. In the second case, these differences usually came up after the orders were being prepared to ship, so it might be that a retailer would not be satisfied with the production product, or end customers may not see the value that should be there (either on the shelf or at home). This could lead to returns, markdowns, or just lower sales than was expected. At the end of the day, for some products, there may not be a way of getting a first generation out in front of users without tooling it up or some other large sunk cost. In this situation, that first generation product is the MVP. The company that makes is taking the risk that it will be a failure, but they are also doing the only thing they can do to get feedback and create a second generation that is user driven. If they are lucky, they break even or make a profit and don't create a stigma around the product. If they are not, they mark it up as a learning experience and hopefully have something else to allow them to move on. Jonathan Buford @jonbuford

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