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The library  
— not the lab

R&D homework:  
Early Stages  
New Product Process

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# The library – not the lab

Why it's important to do your homework  
before hands-on product development work begins.

by *Scott Gantwerker & Paula Manoski, Contributing Editors*

**T**he early new product development process stages are critically important in setting the stage for ultimate project success. The single most important factor distinguishing successful new product development organizations from their less successful peers is the rigor and skill with which they per-

form in the stages before “hands on” development work begins. This rigor and skill provides a solid foundation to ensure success in the later stages of the project.

In the interest of “speed to market” these early stages too often are either skipped or executed incompletely in favor of early starts with hands-on product development.

Hence, the opportunity for the team to fully understand the goals and challenges of the undertaking is missed, as is the chance to “survey the landscape” for the best development options available to them.

Many of the issues that typically emerge later in the new product development process can be identified early on through thoughtful consideration and research. The project's value to the organization in terms of profitability and return on investment can also be estimated early and within a reasonable range. This helps to plan, resource and schedule project work appropriate to the degree of difficulty expected, or alternatively, to put an early end to a project whose prospects do not justify the expenditure of the needed resources.

Additionally, early-stage work is far less resource-intensive than later-stage work. Most, if not all, early-stage work is done on paper, in the library or at the computer. It has been said that “every project should begin in the library, not the laboratory.” Early-stage work is also best done by a small team of dedicated individuals. This contrasts to resource-intensive later-



stage work that depends on the involvement of a cross-functional team of contributors and typically requires ingredient, material and information purchases along with costly consumer, pilot plant and/or plant testing.

Emphasis on proper execution of the early process stages additionally results in the following benefits:

- Allows focus of resources on best ideas/winning projects;
- Defines/solidifies project direction to allow for greater success;
- Enables early termination of projects with poor prospects for success;
- Fewer projects are pursued to

issues and risk, and enables focus on project plans and resources.

- True speed to market, which results from choosing the best path forward.

### Early-stage work

#### Strategic Direction

Teams that struggle with new products can often trace the problem to either an ill-conceived new product strategy or no strategy at all. Far too many companies succumb to the old adage, "when you don't know where you're going, any road will get you there." Unfortunately, when

aligned to support it.

A strategy is not a statement such as, "We will grow sales by X dollars and a market share of Y percent." This is merely a statement of a financial or business goal. A strategy is a clear definition of how the team expects to get the sales and market share and how it will achieve the financial and business goals. A new product strategy should include goals, but also define opportunity platforms and boundaries for new product development.

#### Idea Generation

Generating ideas against the desired platforms is the next step.

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late stages (proposition commercialization or product launch) only to be stopped;

- Increases organization capacity to build and support a pipeline of new product projects (since early stages are less resource intensive and non viable projects are killed prior to requiring significant organization resources);

- Identifies likely areas of project

these companies get to the end of the road, they are most often unhappy with where they have arrived.

The first stage in the new product process is a checkpoint to assure that the strategy is clear to those working on such projects. It is also a check to determine if a strategy has been defined and that new product development projects have been

They can come from formal ideation sessions or other idea generation techniques, or they can be part of an ongoing process that generates/collects and evaluates new ideas via a systematic method.

Ideas should be based on needs of the consumer or customer. Consumer feedback from 800 numbers can be a great source of ideas on how



## Steps for creating a new product strategy

Developing a full understanding of the current situation and current/emerging trends

Your company capabilities, performance, etc.

The competitive set

Product categories

Your customers and consumers

Applying insight and developing implications

Where are we competitively advantaged?

Where are we vulnerable?

What opportunities/issues do current and emerging trends present?

Articulating business roles

In which products/business areas will invest to grow?

Which products/business areas will we manage for cash?

In which product/business areas will New Product Development be used as a key tactic?

Designate new product platforms and goals

What types/characteristics of new products are likely to be successful?

What are reasonable expectations in number and financial performance of new products?

to improve or modify products. New technologies, ingredients or packages can provide the idea for a new product. Applying well-informed insight to identified/emerging consumer and customer needs, in the context of business realities (strategy, capabilities, costs, competition, etc.), leads to the creation of ideas with the greatest likelihood for success.

Regardless of the point of origin or the method of generating ideas, once they are generated, screening with consumers or customers is a critical step for viability. Technical and financial inputs need to be applied in parallel with this screening as well.

### Concept Refinement

The following step is the best invest-

ment in a new product development project that an organization can make. Rather than jumping into a project, a focused evaluation of the idea/opportunity by a small team of knowledgeable individuals is critical.

The project team needs to “go to school” on the project. Background information can be gathered from a variety of sources, including:

- Competitive/market products
- Previous project history
- Library and Internet searches
- Company archives
- Textbooks and journals
- University contacts
- Suppliers and vendors
- Co-workers/Network contacts

The evaluators need to process the information they have obtained in light of its implications for the

project. What options do we have? How have others approached similar projects? What is unique? What can be made unique? What issues will be faced? What ideas do we have to overcome the issues?

At this stage it is also important to put together preliminary cost models to assure the project is feasible. What is the likely value of the project to the company? What will it cost in terms of cost of goods, capital and organizational resources? These models include assumptions on ingredients and packaging costs, manufacturing and capital costs, and sales volumes. These preliminary financial models provide the foundation for the project and will guide decisions on whether to move forward with the project and, if so, determine the best path to follow.

Coming out of this stage, the evaluation team has considered various options, identified key issues to address, refined the concept and determined the necessary development time, as well as the team members who will need to be assembled to make this project a reality. **FP**



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