

B2B Organic Growth Newsletter



New Product Blueprinting by Dan Adams

Growth strategies for companies that supply businesses - not consumers

Sep-Oct, 2010

The Harsh Realities of Organic Growth

You probably work with colleagues who behave in a perfectly rational manner most of the time. But when your

Do logic and clear thinking yield to self-deception? business creates its operating budget, do you find logic and clear thinking yield to a bit of self-deception? Do some people seem to enter a state of “altered reality”?

Here are the signs:

1. Your budget predicts your sales will grow faster than the markets you serve.
2. Your competitors—serving those same markets—believe *their* sales will do the same.
3. You don't have a track record of consistently taking market share from competitors.
4. You can't identify—with a straight face—a key event or initiative that will change all this.

The reality is that relatively few businesses know how to achieve profitable, sustainable, significant growth. Most do not. If your business is among the many strugglers, what can you do?

Five “Reality” Points

Let's break this down into five fundamental points: First, you can't sustain faster growth than competitors through better quality, service, or operational efficiency. Those battles were fought in past decades and—while still necessary—are not sufficient for sustainable competitive advantage today.

Second, the growth you desire comes only from *giving customers value they can't get anywhere else*. I've seen businesses that focus on “maximizing shareholder wealth,” and businesses that focus on understanding and meeting customer needs. My money is on the second group.

Third, most companies do a miserable job of developing new

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New Product Blueprinting at DuPont



Read how DuPont implemented New Product Blueprinting through TEAM e-MMERSSION™ ([PDMA Visions, Oct. 2010](#)).

products and services, a.k.a., “new customer value.” On average, three out of four products fail after they enter the costly development stage. Can you think of *any* other area within your company that abides a 75% defect rate?

New products fail because R&D is trying to answer the wrong questions.

doesn't know what the customer really wants, because the supplier is deciding what the customer wants in his own conference rooms.

Fourth, most new products don't fail because R&D can't come up with good answers. They fail because R&D is trying to answer the wrong questions. The supplier

Fifth, this problem is completely solvable. In a study representing 84% of all global corporate spending (*The Global Innovation 1000*), Booz Allen Hamilton found that directly engaging customers gave suppliers superior results. How superior? These suppliers' profits grew 300% faster than those that just used “indirect customer insight” to develop new products.

Did you get that? If you are directly engaging customers, and your competitors are using indirect customer insight, you can expect to grow your profits four times faster! Now *that* would make assembling an operating budget more fun, wouldn't it? But there's a problem, and it's one we're all familiar with.

Real Change Requires Investment

Not many people make significant, lasting changes in their lives, do they? Most of us would rather *talk* about that next diet or exercise program; those who actually succeed are often the subject of some admiration. It's like that with companies. Change is hard and requires constancy of purpose and a willingness to invest over time.

Investment in profitable, sustainable organic growth must be done at two levels: 1) initially learning the new skills and tools of “direct customer engagement,” and 2) for each project, actually engaging customers in the “fuzzy front end.” Both of these investments are minor compared to letting your R&D organization work at a 75% defect rate.

Consider the latter: project-by-project, front-end investment. Imagine your team spent \$50,000 flying around interviewing prospective customers to understand their unmet needs. What would it take to recover this front-end investment? You would recover these costs if this work allowed you to do just one of the following...

- Improve probability of success by 1%, or
- Increase market share by ¼ share point, or
- Accelerate time-to-market by one month, or
- Raise pricing by 0.5%

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Today's Quote

“Men occasionally stumble over the truth. But most of them pick themselves up and hurry off as if nothing ever happened.”

- Winston Churchill

Example: DuPont and New Product Blueprinting

Consider the first type of investment: initially learning new skills and tools to directly engage customers. Let me share my experience with a company doing so. DuPont has a rich history of delivering customer value, e.g., nylon, Teflon®, Kevlar®, Tyvek®, Corian®, and Lycra®. Over the last few years, they invested in implementing New Product Blueprinting... to improve *direct customer engagement*.

DuPont invested in organic growth during the worst recession since the 1930s.

But the story is even more inspiring. They asked me to work with them to design a new and innovative way to train and implement New Product

Blueprinting. (This eventually led to a new AIM offering called TEAM e-MMERSION™.) To put this in perspective, DuPont invested in organic growth during the worst recession since the 1930s, when most companies were “circling the wagons.” Impressive.

My point is simple: Winning companies know what provides their winning edge—understanding and meeting customer needs—and they figure out a way to invest in building this edge. You can read about the year-and-a-half journey DuPont and AIM took in the current issue of [PDMA Visions \(October, 2010\)](#). And if you’d like to learn how TEAM e-MMERSION™ can help you build a new reality within your company, check out the short videos at www.newproductblueprinting.com/elearning.

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