

B2B Organic Growth Newsletter



New Product Blueprinting by Dan Adams

Growth strategies for companies that supply businesses - not consumers

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Where do new product ideas begin?

New products drive your future. Unless you work for the Dear Leader north of the 38th parallel, you know new products determine business growth, customer reception, competitive response, and career prospects. And all products—blockbusters and duds alike—begin with an idea that comes from *somewhere*. Is your company looking for what customers will love in all the wrong places? Turns out the *source* of a new product has a big impact on its success.

Dr. Robert Cooper, one of the leading experts in this area, published a study titled *Voice-of-Customer Methods: What Is the Best Source of New-Product Ideas?*¹ It was impressive research involving 150 companies (mostly B2B), and it explored the effectiveness and popularity of 18 idea sources. Here are some of the lessons learned:

Lesson 1: We're getting timid.

For many years, Dr. Cooper has tracked the types of new products being introduced, ranging from incremental product tweaks to blockbuster innovations. While companies have been *saying* they want more of the latter, they have been *getting* more of the former. Since the mid-1990s, new-to-the-world products decreased by over 40 percent, and modifications to existing products increased by nearly 90 percent.

In this and other studies, Cooper found the key to success is a “proficient ideation front-end.” Of several factors studied, the most impactful way to increase sales from new products is to improve the way ideas are sourced and managed.

Lesson 2: VOC works best.

The 18 sources of new product ideas were grouped into

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E-Book on B2B Product

three categories: Voice-of-Customer (VOC), Open Innovation, and Other. VOC methods seek to understand customers first-hand, through dialogue and observation. Open Innovation occurs when a company reaches beyond its own technical resources to bring in external ideas and technologies. “Other” methods include patent mining, internal idea capture, etc.

The study included 8 VOC methods, and these took 8 of the top 9 spots. What did the 150 firms say was the most effective? Hands down, it was VOC. The study included 8 VOC methods, and these took 8 of the top 9 spots (out of 18 total).

Two VOC methods were rated as the most effective of all: customer visit teams and ethnography. In the former case, a multifunctional supplier team of two or three individuals visits the customer and conducts a well-crafted interview. In the latter, the customer’s operation is observed, often through a tour or “camping out.”

Lesson 3: We still don’t get it.

In some ways, Dr. Cooper’s work is less of a revelation than a confirmation of prior studies. Nearly 40 years ago, one study showed “inadequate market analysis” to be the leading cause of new product failures. A more recent study on global innovation showed “direct customer engagement” leads to 3X growth in profits. The drumbeat goes on.

Yet, what did this study show to be the most commonly used source of new product ideas? Internal Idea Capture. After all these years, suppliers are still deciding what customers want by sitting around their own conference room tables. Only 13 percent of respondents were extensively using ethnography (customer observation), and only 31 percent were using customer visit teams.

The “Knowing-Doing” Gap

By the 1980s, Japanese automakers—taught by the American statistician Dr. Edwards Deming—had developed a strong competitive advantage in the area of quality. In this and other industries, many suppliers took *decades* to close the quality gap... even though they were clearly suffering a competitive disadvantage.

Now turn the clock forward to today: On average, over 50 percent of R&D work is devoted to unsuccessful products... so this area is even more wasteful than poor production quality ever was. We have ample research explaining what to do better, clear examples of how to do better (e.g., 3M), and

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Today's Quote

“A bad beginning makes a bad ending.”

– Euripides, 438 BC

plenty of incentive to do better. And it's likely—as in the case of automotive quality—that we eventually *will* do better. Yet most companies will fail to give themselves this competitive advantage while it's still an advantage, not an emergency. What's with that?

It's the corporate version of a New Year's resolution, with results just as impressive. Consultants call this the “knowing-doing” gap. It's the corporate version of a New Year's resolution, with results just as impressive. I am

sympathetic, because closing the knowing-doing gap means changing behavior... never easy to do. It means changing *other* people's behavior... even tougher. And today, it means doing this with very busy people.

I'll close on a more cheerful note: For over six years, AIM has focused almost entirely on customer visit teams and customer tours... the two most highly rated VOC methods. During the first three years, we were primarily optimizing New Product Blueprinting itself (www.newproductblueprinting.com)... and it is now a leading but stable methodology practiced on six continents.

For the last three years, AIM has focused mostly on changing behavior. The good news is that organizations are making great strides in this area. Some companies have dozens of interview teams out there doing great customer interviews and tours when no one is looking. I find it inspiring. If you'd like to discuss what we've learned about what does and doesn't work, drop me a note at dan.adams@aimtolead.com.

¹ Cooper, Robert G. and Angelika Dreher, *Marketing Management* magazine, Winter, 2010. pp. 38-48.
http://www.stage-gate.com/newsletter/nl_feb_2011.html

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