

Generating BIG HITS with a Skinny Wallet

Chief Marketing Officers, Product Development Leaders, Innovation Specialists, Scientists, Engineers, and those charged with research and development all recognize the sweeping impact and significant economies that can be realized by *exploiting cross-functional technologies to launch multiple breakthrough products*. After all, it is much easier, and less expensive, to widely leverage technology platforms than to create new ones.

This strategy helps businesses leapfrog over the competition, secure a paramount position in the market, reduce risk associated with steep technology investment, and increase both the top and bottom line *especially in a climate of rapidly shrinking budgets and grim forecasts*.

It is a strategy, however, that few actually put to work because the practice is not embraced by the corporate culture. It is not one that product innovators instinctively turn to when looking to engineer groundbreaking advancements, and it is not supported by the necessary resources to spearhead the initiative.

At Business Innovation Consulting (BIC), we have learned that organizations who are successful at locating cross-functional technologies to springboard a series of disruptive products or processes consistently exercise four fundamental principles:

- Maintain a user-friendly technology database to fast-forward this critical imperative
- Apply uniform evaluation criteria that all stakeholders can administer to identify rich opportunities
- Conduct focused ideation to jumpstart radical (but grounded) thinking
- Devise a formula for determining risk and reward to isolate likely commercial successes

Principle #1:

Maintain a user-friendly technology database to fast forward this critical imperative

In order to discern those platforms with the highest probability of generating a bold portfolio of non-traditional products, *everyone* involved in new product development activity must have access to a database of technology that can be easily understood across a wide spectrum of disciplines. This database should house both technologies created within the organization and those discovered outside of its corporate walls.

It is vital that the company fully engage its internal staff with respect to building the database, leveraging its potential, and continually expanding its content. This involvement will engender buy-in at the outset, and fuel imagination by challenging staff to examine the potential of *what already exists*.

Principle #2:

Apply uniform evaluation criteria that all stakeholders administer to identify rich opportunities

A database comprises thousand of recorded technologies. In order to distill those platforms that promise to drive multiple novel products forward, the organization must use the same criteria for evaluating the potential of each. To further refine the selection, it should also assign a numerical ranking again (1 through 5) to indicate where it falls within the criteria continuum.

At BIC, we often use the following four criteria for defining “crossover” technologies:

Competitive Impact: To what degree has this technology affected the competitive landscape and market behavior? You will want to identify technologies associated with non-traditional products that have reshaped market boundaries.

Development Time: Does the nature of the technology delay or accelerate the process of development? Those who get to the market first always capture the greatest market share.

Complexity: Does the technology have arcane applications that limit its reach? The more complex, the slower to market. And, if you sell internationally, the higher the risk of regulatory interference.

Access to Intellectual Property: How readily available is the content? If it is in the public domain, content will be easy to replicate, and any product derived from public domain will barely hurdle the competition.

Principle #3:

Conducting ideation to jumpstart radical (but focused) thinking

Once those platforms with high cross-over potential are chosen, the organization needs to quite literally close its eyes and imagine what is possible in terms of tangible product concept and what is possible as prescribed by the features and functionality of a given technology.

This is not an open brainstorming session, but a controlled process of liberating ideas and reversing the mental inertia that typically undermines creativity when funding is spare.

At the end of the ideation process, facilitators and participants should bundle ideas under common product themes, and then begin to vet these products in terms of risk and reward.

Principle #4:

Devise a formula for measuring risk and reward to isolate likely commercial winners

Before deciding which opportunities an organization should or should not pursue, it must identify the risk and reward as accurately as possible.

There are a number of ways you can do this.

BIC uses a numeric evaluation scheme to categorize risk. We project life cycle revenues based on the historical performances of similar product, factoring in important variables such as market share and the exclusivity of intellectual property. We further adjust the equation by using our proprietary software that creates “what if” scenarios to establish an informed basis for “go” or “no go”.

For example, if one of the assumptions about a new product concept is that it will generate twice the domestic sales volume in the international arena, what if it were to generate half that? Would it still be viable?

If one of the requirements of a new product concept is that it must yield a minimum of \$50M in its first year, what if the minimum were dropped to \$25M? Is it still generating profit?

You can reasonably project risk and reward by *applying your veteran intelligence about the industry, the competition, and the buyer* against historical precedent. From this, you can draw out those technologies and attendant product concepts that forecast high rewards on commensurate risk, and gain reasonable assurance that you are trail blazing new territory with respect to satisfying market needs that are just beginning to percolate under the public’s radar.

Insights

Breakthroughs in a tough economy

New opportunities abound within your existing technology base. These product development opportunities cannot only reap substantial savings, but can herald *metamorphic change*, not incremental improvements.

By applying these four principles to your new product development process, you are in a strong position to catapult your organization to the front of the line, even as the economy (and your competition) struggles just to stay in the same place.

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