

# New Product Development

William H. Davidow, former Vice President of Strategy at Intel, got it right: **“While great devices are invented in the laboratory, great products are invented in the Marketing Department.”** A product must be more than a physical device: It must be a concept that solves someone’s problems.

And the product must eventually leave the laboratory and enter the market. Therefore it needs “landing gear as well as wings.”

A high percentage of a new product’s probable success can be determined before development is begun by answering three questions: “Do people need the product? Is it different and better than the competitors’ offerings? Would people be willing to pay the price?” If the answer to any question is no, don’t start the development project. *Never enter a battle before you are sure that you can win the war.*

The chances that the new product will be a hit are greatly enhanced if it represents a new product that defines a new category, such as the Palm, the Razor scooter, or Viagra. These products come with a ready-made story that will get the media talking about it. These products should be launched with PR, not with expensive “big bang” advertising. Media talk has much more credibility than any paid-for ads.

Ingvard Kamprad, who founded IKEA, added another consideration: **“A new idea without an affordable price tag is never acceptable.”** Space Adventures offers to send you into space as an astronaut. Great! What’s the price? \$20 million! So far, there have been only two buyers.

Even with the right price tag, the money might really be made by a follow-on product. Earl Wilson, the columnist, observed: **“Benjamin Franklin may have discovered electricity, but it was the man who invented the meter who made the money.”** By analogy, it was Xerox in its Palo Alto Research Center (PARC) that invented Ethernet, the graphical user interface, and the laser printer and yet it was Netscape, Apple, and Hewlett-Packard that made the money.

If it takes more than three years to develop a new product, it may not be the right product. Unfortunately, most companies cannot resist throwing good money after bad.

Who should ultimately design the product? R&D? Engineering? Manufacturing? Marketing? No! All of them, with the customer’s help.

Customers expect improved products as well as new ones. Yet companies ask: “Why fix a product before it is broken?” My answer is that every competitor is scouting your product to find its weaknesses. It’s important to fix your product before they do. Every company should obsolete its products before competitors do. Companies tend to pay too much attention to the cost of doing something when they should pay more attention to the cost of not doing it.

Who should be held accountable for a new product’s results? Probably the research and development department and the marketing department—certainly not the sales department.