

## **Five reasons why new product developments fail**

Many organisations are looking to innovation and, in particular, new product development to power them out of the recession and back into growth. In many cases, this requires companies to reinforce and reorganise their product development capabilities. Repeatedly introducing new products to market successfully certainly requires discipline, commitment and organisation; however, there are many potential product development pitfalls which can still catch out the unwary. Here are five major issues which can significantly affect the payback from a new product development:

1. Lack of customer focus. Often the reaction to this point is “of course we listen to our customers”, and, indeed, while this may well be true for many organisations, there is a lot more involved in effective product development than simply listening to our customers. In our experience, simply “listening to the customer” does little to guarantee a successful new product development. Companies which are really effective at focusing on their customers have strategies and processes embedded to capture three different types of customer requirement and translate these requirements into robust requirement specifications which every member of the new product development team can understand and use to verify the final design.
2. Lack of robustness and reliability. Customer expectations of product quality and reliability continue to rise. Legal requirements for products continually multiply and become more demanding. Against this background, the cost of poor reliability or quality of performance can often more than wipe out any sales benefit resulting from a new product introduction. Additionally, the impact on a product brand resulting from poor quality or unreliability, although hard to estimate, can be very damaging. Companies with a strong and enduring reputation for reliability and product quality have systematic multi-disciplinary methods to identify and mitigate risk, verification methods which keep the focus on risk reduction throughout the project and sophisticated methods to ensure product robustness.
3. Poor control of cost. In addition to the basic costs involved in producing and marketing a new product, there are often many hidden costs within an organisation, often related to product complexity. The decisions sometimes unconsciously taken during the specification, design and optimisation phases of a product development can lock in large costs for a company which can subsequently be hard to reduce. Organisations which are effective at managing product cost have tools to make all new product related costs visible at the earliest possible stage in the project and robust method to review and act on cost throughout the product development.
4. Missing the market opportunity. Project managers often talk about the eternal project triangle – that is, Time vs. Quality vs. Cost; the argument being that if we

want to increase Quality, it will take longer and/or it will cost more. Projects can become caught up in iteration after iteration of problem solving and quality improvement on the critical path, especially if the new product is also based on one or more new technologies. From our experience of successful product developments over the last 20 years, we completely reject the view that it should be necessary to make a trade-off in time or cost to achieve a certain product quality. The best companies have a planning model which assigns proactive project activities to ensure that quality is designed into the product from day one and robust methods to manage the potential risk associated with the introduction of new technologies.

5. Working in functional “silos”. It should be self-evident that good communication within a new product development project reduces the likelihood of mistakes or integration issues. Given this, it is perhaps surprising that many new product development project activities are still organised according to functional specialism, e.g. software, electronic hardware, electrical and mechanical. A key factor in successful product development projects is the organisation of the project team. The most successful model we have encountered uses multi-disciplinary, co-located teams empowered to deliver the new product within a defined and agreed systematic framework. Not only does this model help to deliver high product quality but it also builds increased employee engagement so that key organisational capabilities can be retained for future product developments.

To find out how Design for Six Sigma (DfSS) can help an organisation avoid these problems and become effective in new product and technology development visit [www.scbuk.com/dfsstr.html](http://www.scbuk.com/dfsstr.html) or contact us by email or telephone.

John Cooke  
**CoCatalyst Ltd.**

[www.cocatalyst.com](http://www.cocatalyst.com)  
Email: [john@cocatalyst.com](mailto:john@cocatalyst.com)  
Tel: +44 (0) 796 6920 595



Simon Barnard  
**SCB Associates Ltd.**

[www.scbuk.com](http://www.scbuk.com)  
Email: [mail@scbuk.com](mailto:mail@scbuk.com)  
Tel: +44 (0) 121 288 3960

