

Developing new products and services

It's useful to regularly re-develop, replace, upgrade or add onto your products and services if you want to continue growing your business.

Reducing the risks

Identify the major risks of any new product development failing to decide if it's worth the potential reward.

Minimize the risk by:

- Establishing the likely volume of sales, and the marketing and sales cost of achieving each sale to get a satisfactory return on your investment.
- Determining if your target market and industry is growing and will be able to absorb a new product or service.
- Identifying any competing products already in the market, and that you offer something different and unique.
- Make sure that you are getting regular market feedback from your potential customers and others. Customers are often the first to tell you that your products are no longer meeting their requirements.

Ask potential customers, suppliers, and members of the development team for feedback on the idea or a prototype. Good feedback at this stage can save time and money.

Good signs

While a good product idea is no guarantee of success, a bad product idea is guaranteed to fail.

Here are some signs your new idea will work:

You can sell at the price or volume necessary to make a profit.

- Your product cannot easily be copied.
- You have market power and a great distribution channel and an established brand.
- Your current customers have been asking for it or are involved in the design phase.
- Employees are convinced your new ideas will work (they are often in front of the customer and may know best).

Seek inspiration

To find new ideas try the following:

- Attend international trade shows to see what similar businesses are doing overseas. Spotting new trends and products and making new business contacts are all great ways of coming up with new products or services.
- Network by attending business events and conferences. It's an excellent opportunity to learn about developments in your industry and to stay connected with your peers.

Social media platforms and channels by signing up to relevant Twitter feeds, Facebook pages and LinkedIn communities or discussions. They are all excellent ways to stay current with what's happening in your industry.

Also think about following people that are industry trendsetters, or futurists (if they talk sense). Often people from outside your industry are worth listening to so subscribe to RSS news feeds on a particular topic of interest.

Finally, look for any University or other industry research as their findings are often published and they're usually free.

Project management

Since product development involves time, labor and finance, it's important to plan it out carefully in advance. Minimize your risk by applying some sound management techniques to your planning process. Create a team with all the skills needed to make the project a success and choose a team leader. Every new product needs a champion to lead the team.

- Give the team leader the authority to run the project (within an agreed budget and timetable) with the responsibility of reporting progress to you at agreed milestones.
- Make sure all the team members agree on the main objectives, which should be based on the basic project specifications.
- Be prepared for negativity and keep the team motivated. Anyone with a negative attitude will influence the rest of the team.
- Celebrate achieved milestones as an effective way of maintaining morale.

GUIDE

Be customer-centered and work closely with your best customers to help develop and fine-tune any idea.

Check carefully that the market really needs the new product or service, and that you can produce it at a price the market can afford.

Identify if you have the capacity to produce any new product or service and if you need additional equipment, facilities or people.

Either you or one of your key employees should be appointed as a project manager, so that there's a clear understanding of how the new product or service will fit in with the overall capabilities of the business, as well as regularly measuring and reporting on progress.

Protect any innovation with either intellectual property protection (patent, trademark, copyright) or keep it as an intellectual asset (don't tell anyone what you're doing, have staff sign confidentiality agreements).

Test

Once a prototype of the new product has been produced, or a new service decided on, it needs to be tested. A soft launch done locally with a few customers is a smart way to test the waters.

What's important is gathering feedback. Find out what customers think and tweak your new idea if you need to.

Be active

Successful businesses are those that are continually looking for ways to innovate. This is an essential component for achieving growth. Whether it's a new product or service, or one you've come up with that's designed to complement existing ones, make sure you consider all the above carefully, as this will maximize your chances of success.

- Look at your existing product and service lineup to review what could be improved or modified for different applications.
- Hold a customer focus group to ask buyers what they like about your products or services and what could be improved. Ask what else they'd like to buy from your business.
- Stay current with your marketplace by reading newspapers, magazines and online publications.
- Find ideas and inspiration by attending events featuring thought leaders.

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877-997-9957

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