CUSTOMER DRIVEN INNOVATION

Product Management & Innovation- Chicago 2018

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June 7 , 2018

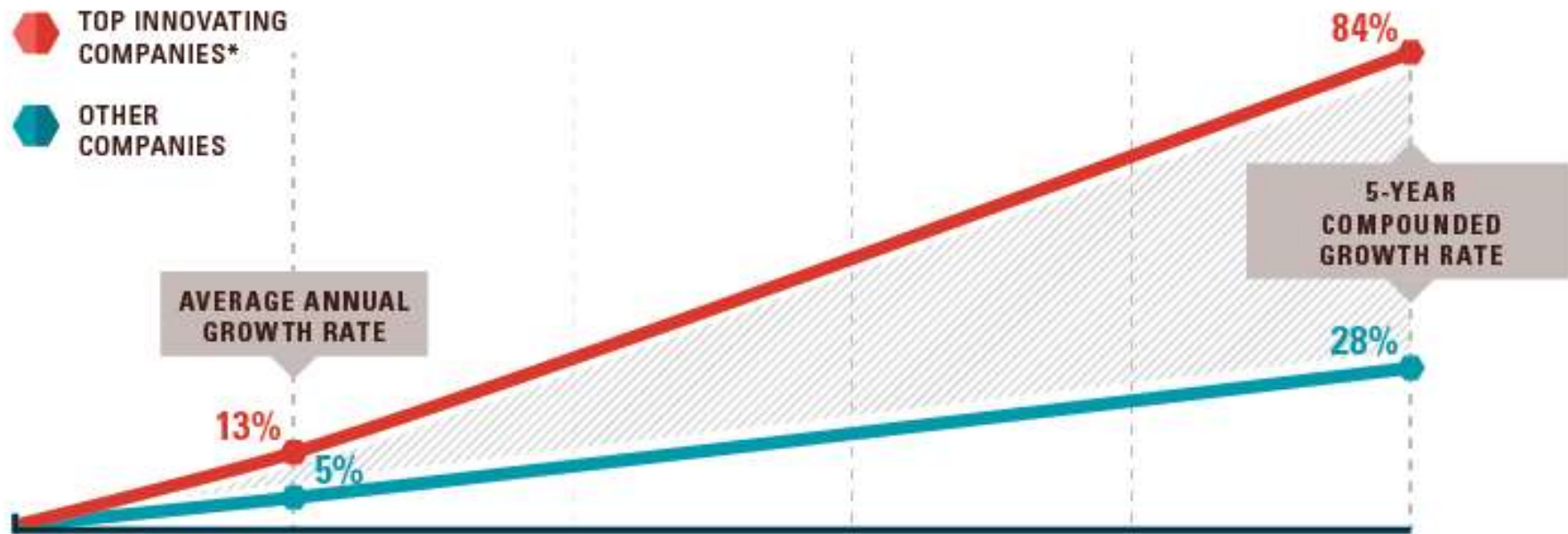Hello
my name is

Jay Shah

Energy Level

Plan for Today

A **Why we need CDI**

B **What is CDI Strategy, Process, Culture**

C **How we do CDI**

D **Q and A**

Innovation done right means revenue gains.

Successful innovation delivers real business results. According to Bain, companies that perform well in innovation initiatives grow significantly faster then lesser-performing companies- growing to a 3-fold difference in 5 years.

TOP INNOVATING COMPANIES*

OTHER COMPANIES

84%

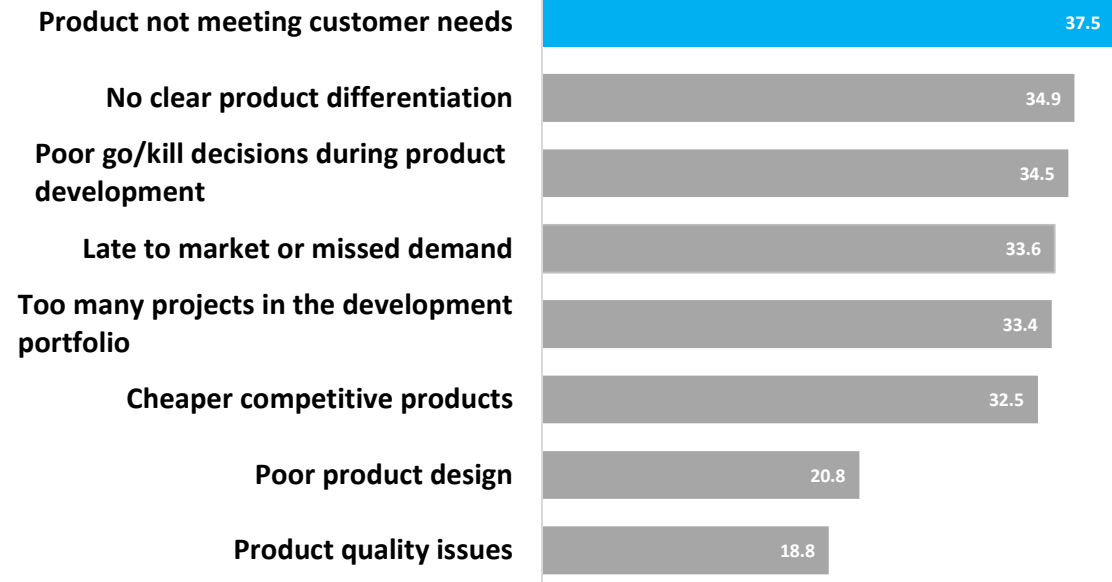5-YEAR COMPOUNDED GROWTH RATE

AVERAGE ANNUAL GROWTH RATE

28%

13%

5%

*"Top innovating companies" refers to companies with top quartile scores in the Bain Innovation Assessment Survey of executives at enterprises around the world.

COLLABORATION BETWEEN MINDJET AND SPIGIT

Innovation is So Hard

Reasons New Products Fail

50%

Reason	Value
Product not meeting customer needs	37.5
No clear product differentiation	34.9
Poor go/kill decisions during product development	34.5
Late to market or missed demand	33.6
Too many projects in the development portfolio	33.4
Cheaper competitive products	32.5
Poor product design	20.8
Product quality issues	18.8

Source : http://www.scmworld.com/making-innovation-profitable/

What is NOT Customer-Driven Innovation

Innovation needs a clear strategy to thrive.

Vision

- Does Innovation strategy driven by Business strategy?

- What overall role will Innovation play relative to our corporate strategy?

Strategy

- Where do we play?

- Who do we serve?

- What do we stand for ?

- How are we differing ?

Measure Success

- How will we select projects to move forward?

- How will we ensure that concepts are feasible from various perspectives?

Growth

- What are our financial expectations?

- What are our total revenue/profit goals for t the next 3-5 years?

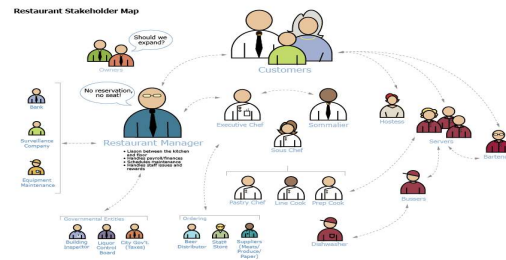- What is the balance between incremental and breakthrough innovations?

Innovation Does NOT Begin with Brainstorming
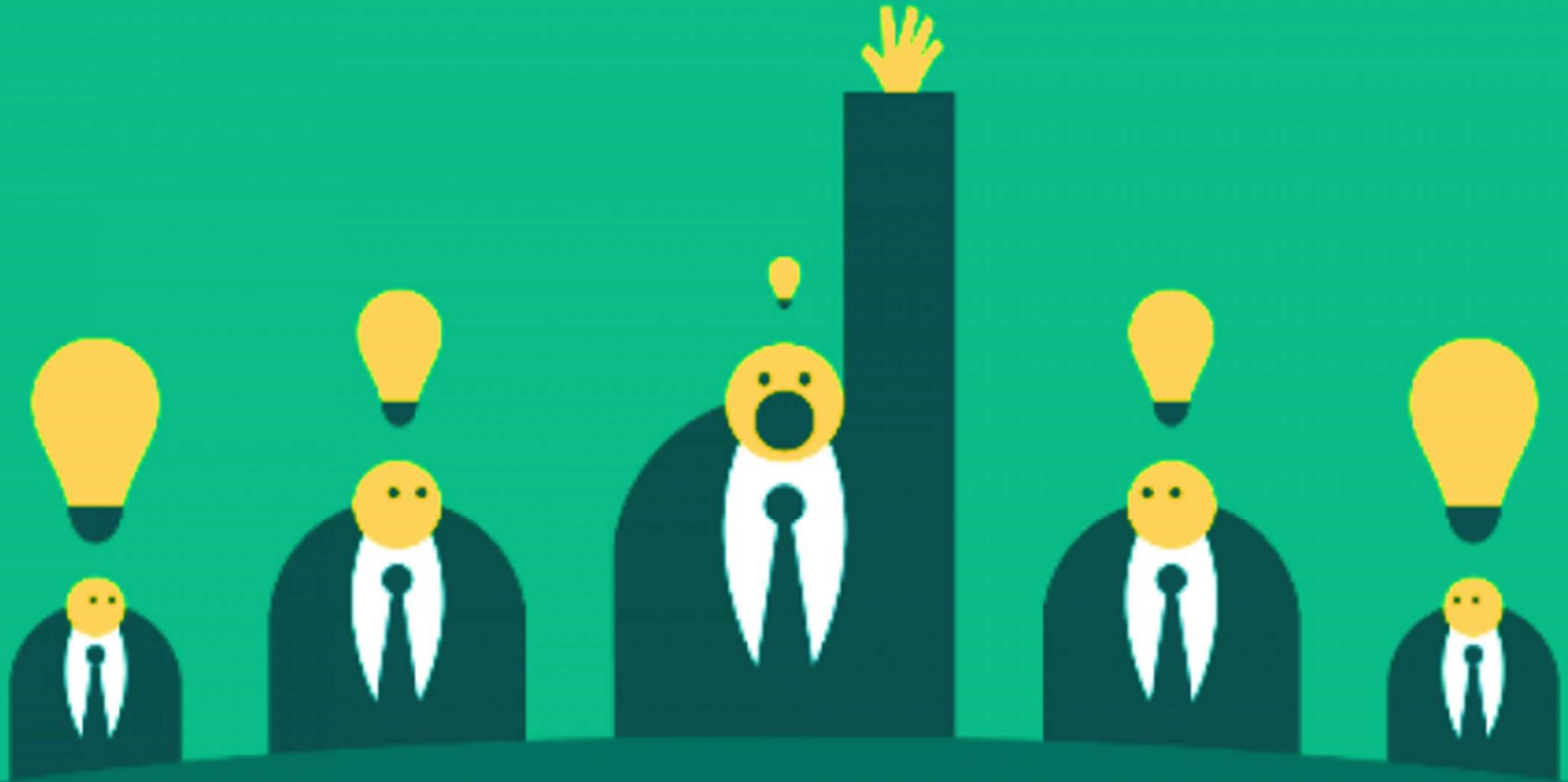
First Uncover Customer Problems and Needs

Consumers

Members of the Value Chain(Stakeholder)

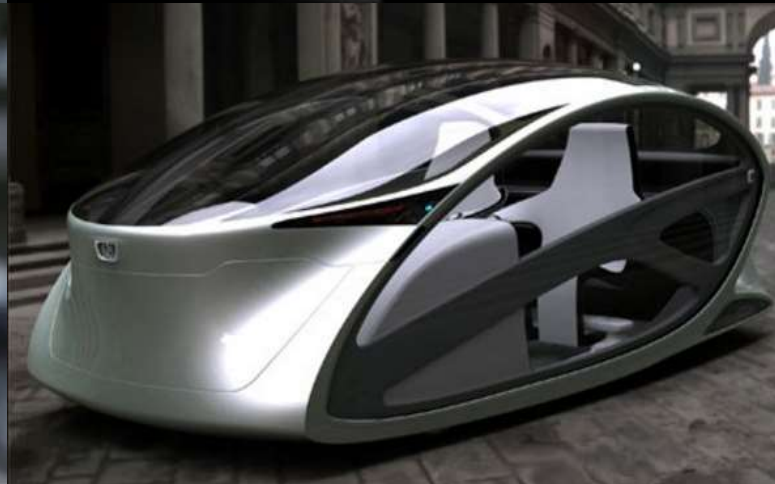One on One Interviews

External Experts
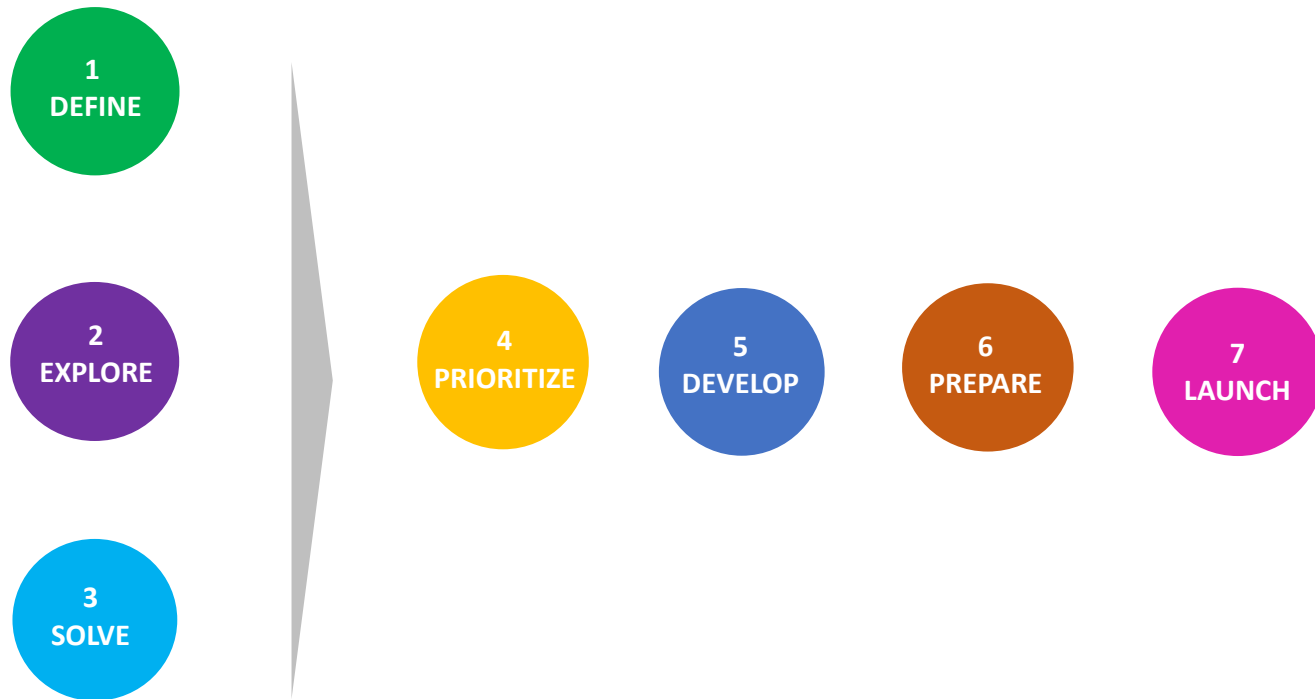

Focus Groups/ User Groups

In-Field Observations

It's NOT Just About Creativity and Design

Use a Systematic, Disciplined Process

Source: https://www.kuczmarski.com/do-it-3/

Plan for Today

A **Why we need CDI**

B **What is CDI Strategy, Process, Culture**

C **How we do CDI**

D **Q and A**

Customer Driven Innovation- it's a mindset, attitude, and foresight.

Developing an innovation strategy

Activating a Customer-Driven Process

Leading Innovation Teams

1. Set Expectations

2. Create a Portfolio

3. Uncover Customer Problems and Needs

4. Systematic, Disciplined Process.

5 Cross-Functional Teams

6. Test and Learn

Today, we focus here

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Customer Driven Innovation - Iterative Process

Expand Problem Space

Focus on Solution Space

1 DEFINE

Strategic Plan Development

2 EXPLORE

Identify Problem/ Unmeet need

3 SOLVE

Potential solutions

4 PRIORITIZE

Concepts Generation

5 DEVELOP

Test and Learn

6 PREPARE

Solution Implementation

7 LAUNCH

Launch product into market

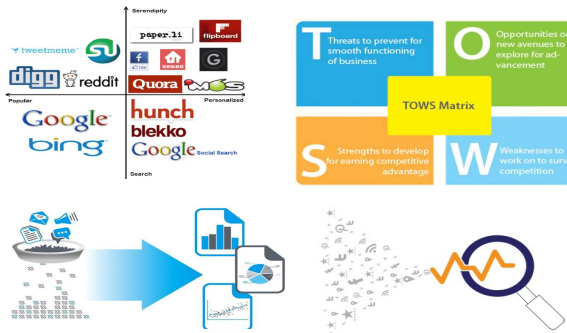**Feedback loop**
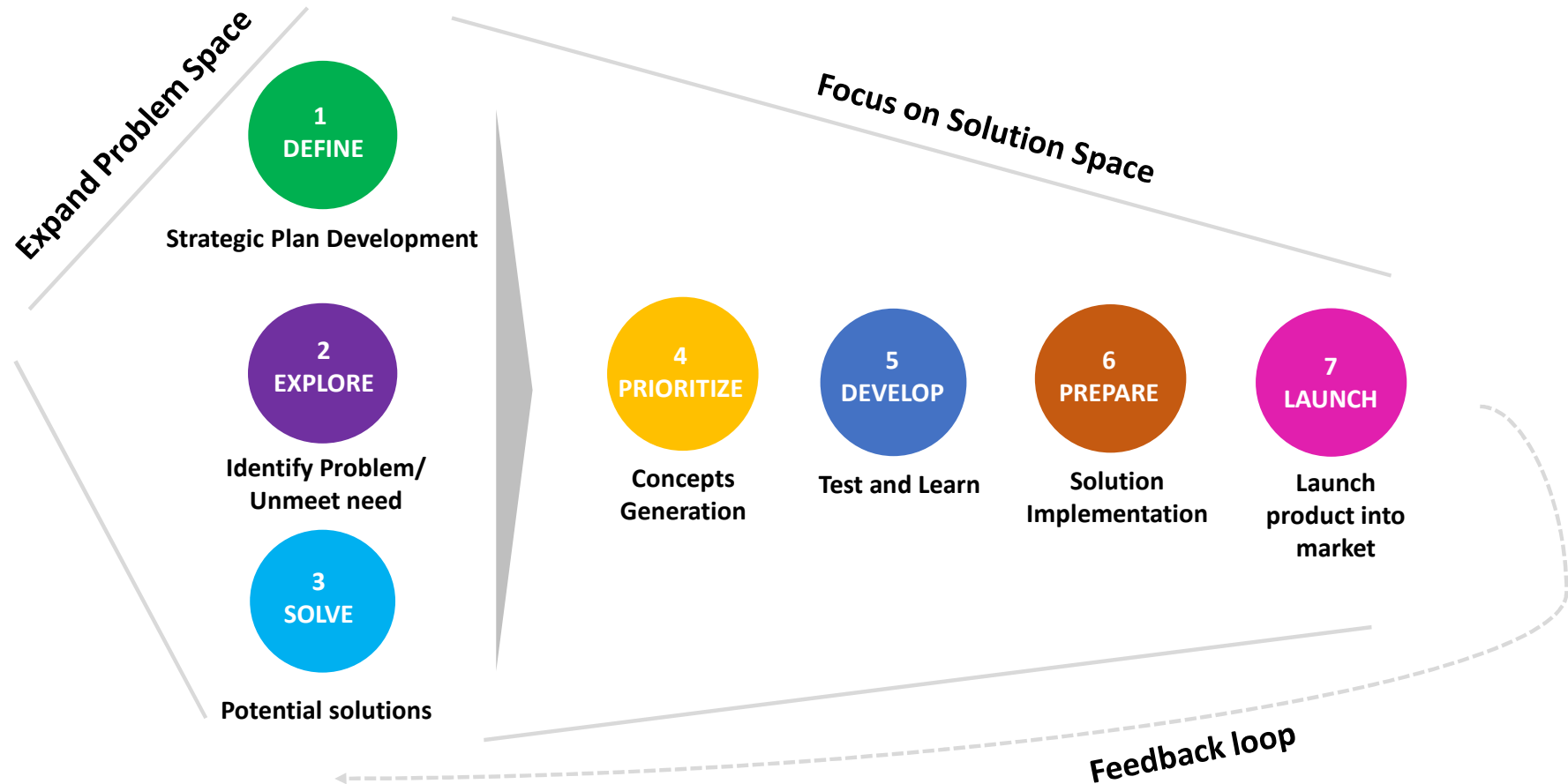
① DEFINE
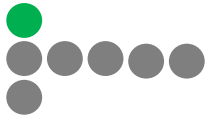
Create Strategic Plan

Preparation

- Hold Kickoff : Align Team on goals, objectives.

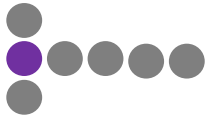- Create Work Plan.

Gather Data

- Identify expectations, potential opportunities, barriers, and surface hypotheses.

- Leverage internal and external data.

Finalize Research Plan and Goals

- Brainstorm fundamental for Step 2 Exploration.

- Finalize scope, strategic and financial goals and objectives, **target customer segments**, and screening criteria for the project.

❷ EXPLORE

Identify Problem/ Unmeet need

Research Preparation

- Create a Research Plan that allows connecting with your key customers.

- Recruit from a network of people who have a stake in a Business. (customer suppliers, etc…)

In-Market Research and Analysis

- Gather information through direct dialogue -Qualitative Research.

- Challenges your preconceptions

- Deepen your empathy for the customer

Conclusions

- Build Frameworks, create the summary of the mindset, needs, and goals held by stakeholders.

- Construct Problem/Need Areas

- Detail the problem ideal solutions, and represent the highest opportunities.

Generate and Screen Solutions

Solution Generation

Solution Selection

Prioritization Matrix

Concept Poster

- Conduct 4-5 Solution Generation.

- Include different stakeholders.

- Innovative solutions emerge out of a different way of characterizing the problem.

- Solutions are consolidated, by relative importance and difficulty.

- Working Session to determine the solutions that will move into concept development.
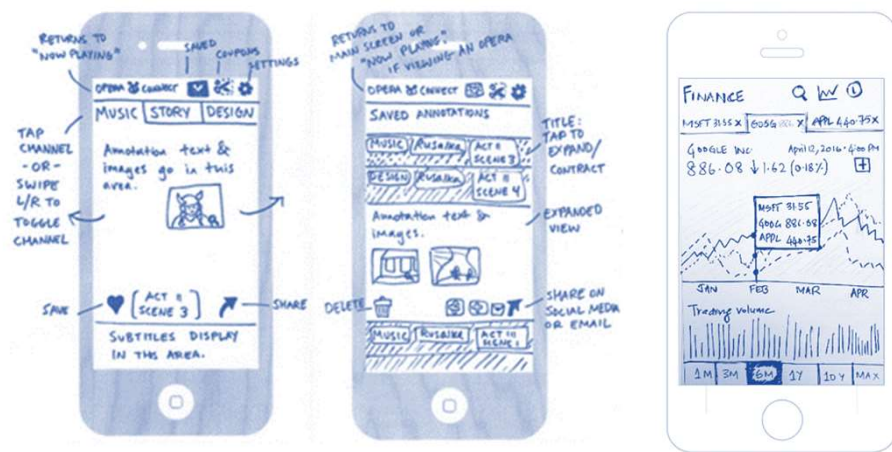
- A team builds and shapes the 5-10 offerings selected and creates a Concept Brief for each solution.

- Concept Briefs include a description of the concept.

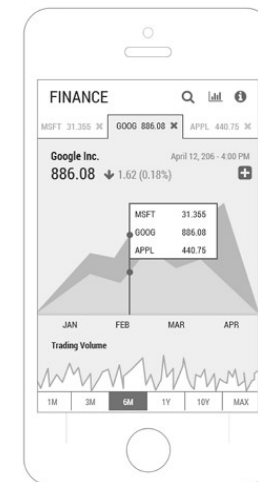- It Promotes a vision of the future.

④ PRIORITIZE

Concept Preparation

Concept Shaping and Evaluation

- Identify an idea or concept to develop.

- Determine the essential elements and create the structure of a proposed solution.

- Helps people imagine the future.

- Iteratively test shape, and refine.

- Determine which concepts should move forward for the prototype.

- It democratizes decision making.

Test prototypes and develop business cases

- At the end of prototyping, Team selects a final candidate and do user testing.

- Based on the result of testing, concepts recommended moving into development.

Prioritization and Business Cases

|		
Product – Market Fit	• Customer Targets • Behavior and Decision-Making Insights	• Problems/unmet and underserved needs • Competitive Solutions
Market Assessment	• Potential Size of Market • Growth Trends	• Competitive Products • Barriers to Growth
Development	• Production Alternatives • Test Market Requirements	• Distribution Requirements • Launch Timing
Marketing and Support	• Advertising Spending • Distribution Approach	• Promotional Spending • Sales Force Approach
Financial	• Revenues and Margins • Operating Profits	• Years 1-3 Penetration and Repeat Purchase • Cannibalization Estimate

- For those concepts selected, the Team will build Business Cases.

- Development considerations for each concept, select MVP candidate.

Build and Launch product into market
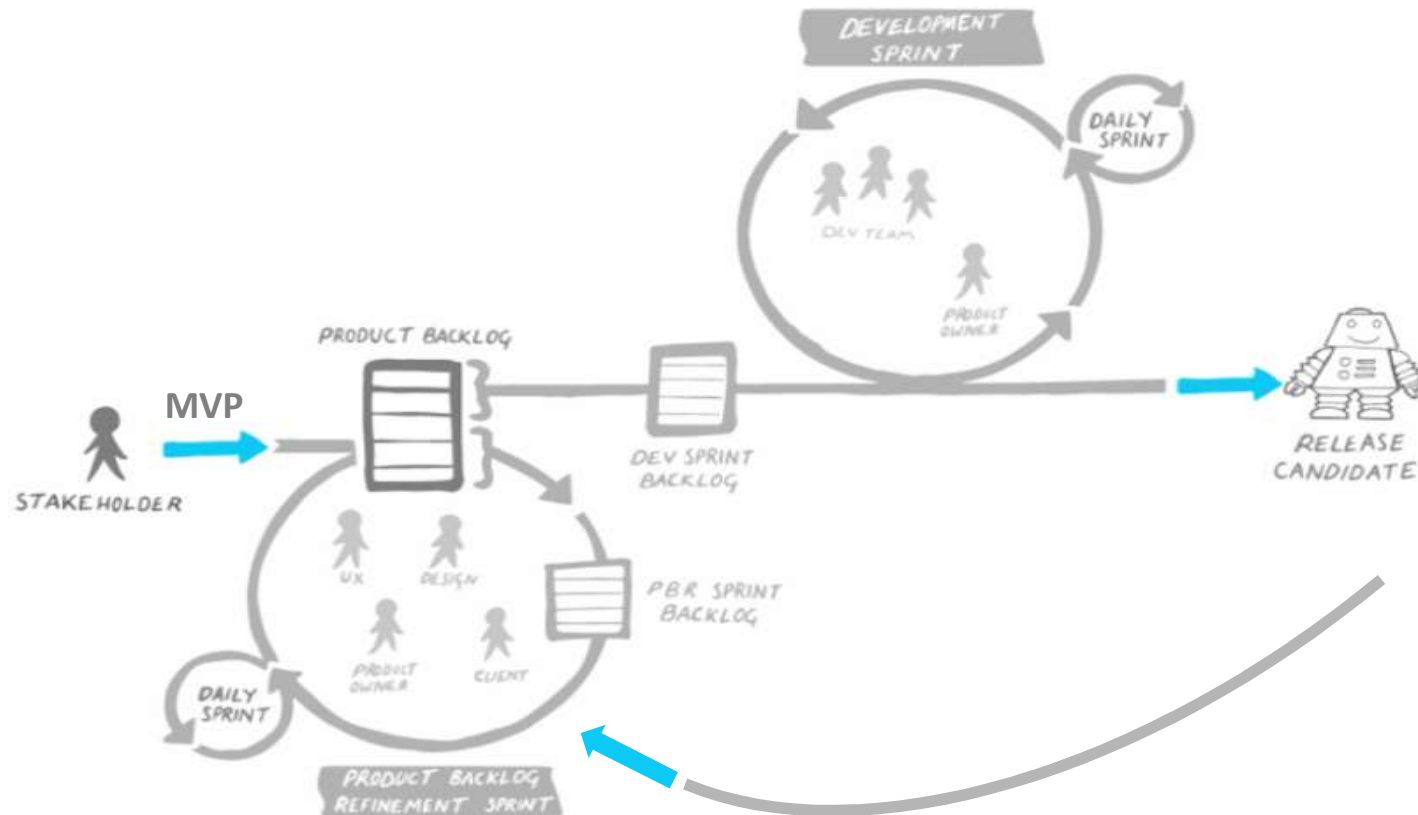
Customer Driven Innovation

It's a mindset, attitude, and foresight. Can achieve success through systematic, disciplined Process-define the customer, explorer there needs and solve the problem, test the solution and iterate.

1

Have alignment with Business Strategy and Financial Outcome

2

Understanding Customer Needs and Wants

3

Figuring out what's works best for the organization

Q and A