

# Finding good ideas: How to improve product development

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The development of new products and services is key to business success, but a new study from North Carolina State University shows that businesses could do a much better job of evaluating new ideas in order to identify products that will be winners in the marketplace.

"You need more critical screens upfront, so that good decisions get made earlier, bad ideas get eliminated, good ideas get moved forward, and you don't waste time or money on the wrong projects," says study co-author Dr. Mitzi Montoya, Zelnak Professor of Marketing Innovation at NC State.

New product development encompasses a wide range of activities, from market analysis to prototyping. Companies incorporate periodic review points when a team evaluates these activities and determines whether to pursue an idea, drop the idea or collect additional information and reevaluate. Review teams are usually comprised of senior management representatives from a company's marketing, finance, research and development and/or manufacturing branches.

Montoya says that the research found that properly evaluating a concept at its very first review - accurately identifying strengths and weaknesses - is closely linked to a new product's success in the marketplace. Good evaluations later in the process are less critical to the ultimate success of the products, Montoya says.

But having adequate evaluation early in the process requires good review

criteria, which the study found may also be lacking. To understand the need for new criteria, you have to understand the two types of new product development projects: radical projects and incremental projects. Incremental projects are updated versions of existing products or services. Radical projects are new and innovative, carrying greater potential benefits - and greater financial risks.

The study, which evaluated the product development practices of 425 members of the Product Development and Management Association, found that companies use more review points for radical projects than incremental ones, but use fewer criteria to determine whether to move forward with a radical project.

"This suggests they probably don't know which criteria to use," says Montoya, "so radical ideas - regardless of their merit - might be killed because they are not being evaluated properly."

To this end, Montoya says, the research provides a summary of criteria that companies could use as a benchmarking template for developing their own customized review criteria and evaluating their review practices. These criteria cover an array of financial, marketing and technical issues, from profit objectives to potential for patents.

More information: The study, "Exploring New Product Development Project Review Practices," was co-authored by Montoya, Dr. Jeffrey Schmidt of the University of Oklahoma and Dr. Kumar Sarangee, who was a Ph.D. candidate at the University of Illinois when the paper was written. The paper is being published in the September issue of the *Journal of Product Innovation Management*.

Source: North Carolina State University ([news](#) : [web](#))

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